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MAIL FACILITIES REQUIRED AT NEW YORK CITY

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HEARINGS

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U.S. Congress.

BEFORE

JOINT COMMISSION ON POSTAL SERVICE

AT

NEW YORK, N. Y.

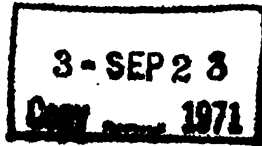
JUNE 17, 1921

PART 2



WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

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Pt. 2



JOINT COMMISSION ON POSTAL SERVICE.

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E. H. McDERMOT, *Secretary.*

FREDERICK C. RIEDESEL, *Assistant Secretary.*

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MAIL FACILITIES REQUIRED AT NEW YORK CITY.

UNITED STATES SENATE,
JOINT COMMISSION ON POSTAL SERVICE,
PENNSYLVANIA HOTEL,
New York, N. Y., Friday, June 17, 1921.

The commission met at 10 o'clock a. m., pursuant to adjournment.

Present: Senators Townsend (chairman), Moses, and McKellar; Representatives Steenerson, Paige, Bell, and Mr. John C. Koons, postal expert, also Mr. Union N. Bethell, member advisory council.

The CHAIRMAN. The meeting will come to order. Not all the members of the commission are here, but we have a good deal of work laid out for us which we hope to get through with to-day.

I want to state to the gentlemen who are here to be heard by the commission that this hearing was not contemplated when we left Washington for the purpose of making an inspection of the post-office situation in the city, but we have concluded to stay over a day to get the views of the business men in the city as to the situation, hoping it will be of some service to us. You will readily see we will necessarily have to confine the witnesses to brief statements, as we can not possibly hear all of the gentlemen who have come here this morning, and we hope some of them will be represented in groups so they may have one spokesman and he may speak direct to the matter in which he is interested, in order that it may be condensed and get into the record.

I might state to the gentlemen who are here that the Joint Postal Commission, which was created something over a year ago, has for its business the investigation of the Post Office Department. We have made a special survey of the situation in New York, because it was considered one of the most congested parts of the whole country, and that probably all of the defects which we might find in all parts of the country could be found here.

I would like to say also to the business men before we begin that this commission would like to hear what is the public spirit of the city of New York. You readily understand that the problem is a difficult one for us to solve. At a time when the Treasury of the United States is in what I might possibly call a rather disturbed condition, it is going to be of the greatest importance that every appropriation shall be cut to the very limit in order that we may meet the obligations of the Government.

We have discovered one thing which is possibly magnified here, and that is where the Government attempts to do something we are met with the obstacle of some one who has property to sell or lease, they think there is an opportunity to get something out of the Government.

You gentlemen representing the business interests, if you do, and I assume those are the gentlemen who are here this morning, have it within your power to assist us. You can do more through your business organizations in obtaining the property which the Govern-

ment needs by lease or purchase—you can do more than we can do ourselves, although I might say that this commission is not empowered to make contracts or enter into leases or even to determine what the action of the Congress will be. We are appointed for the purpose of investigating and reporting to the Congress of the United States. Therefore, I think with this brief statement you understand the problems which confront us, and we would like to hear in the course of the discussion what some of you gentlemen think of it and whether you feel that through your various civic organizations you can assist the Government in solving these problems.

A list of names has been presented to me. I don't know whether I shall follow them very closely or not, but on this list I find the Butterick Publishing Co. is the first, and Mr. James B. Sheehan desires to be heard.

**STATEMENT OF MR. JAMES B. SHEEHAN, REPRESENTING
THE BUTTERICK PUBLISHING CO.**

The CHAIRMAN. What is your business, Mr. Sheehan?

Mr. SHEEHAN. I am the attorney of the Butterick Publishing Co. I have had considerable experience in postal matters. I represent, in addition to the Butterick Publishing Co., the Designer Publishing Co., and the Ridgway. They are engaged in publishing a number of magazines—the Delineator, the Designer, Everybody's Magazine, Adventure, and a number of publications handled in the mails but not admitted to second-class mail privileges.

Senator MOSES. Such as what?

Mr. SHEEHAN. Such as Needle Art, Butterick Quarterlies, the Designer Quarterlies, and fashion periodicals of various types which have never been admitted to second-class mail privileges, and no attempt has been made to have them admitted.

Those three companies furnish to the mails approximately 4,000 tons in weight during the year. Most of these publications are issued in the Butterick Building, which is at the corner of Spring and McDougal Streets in the Borough of Manhattan. The distance from the building to the Pennsylvania Terminal is about 2 miles. The amount of truckage is a very substantial one—the cost of it is very substantial.

The CHAIRMAN. Is that your nearest mailing station?

Mr. SHEEHAN. The nearest mailing station is the Pennsylvania. The New York Central substation is about $2\frac{1}{4}$ miles away.

As I understand the problem that is confronting your commission, you are endeavoring to find some means of relieving the present stringency or difficulties of the post office. I assume you do not wish us to discuss in any way what those difficulties are. I assume you wish me to confine myself to a solution of them so far as I am able to throw any light on them.

As I understand, the station under the Central Terminal, near the Pennsylvania Terminal, is not large enough to handle the bulk of mail which is offered them daily in connection with second-class matter or parcel-post matter.

There has been a suggestion on the one hand to establish a station at Sunnyside. I wish to take this opportunity of giving a few reasons why that site should not be utilized. There is a suggestion also that

the present terminal at the Pennsylvania shall be enlarged. I shall address myself to some advantages of enlarging that station as against the disadvantages of Sunnyside.

When I heard that this commission was coming, I caused to be made a survey of the premises. We find that this station in Sunnyside is distant 7.7 miles from our building. That is to say, it would require a truckage of 5.7 miles each way more than the present requirements. That truckage can be conducted either over the bridge at Fifty-ninth Street, known as Backwell's Island Bridge, or the Queensboro Bridge, but if it is conducted in that way it will be necessary to have motor trucks.

The ascent going over this bridge is so steep that it would be impossible for horses to carry a load of mail over the bridge.

Senator McKELLAR. How do you truck that mail now?

Mr. SHEEHAN. By horses, principally. That is more economical, because it is a short haul for us now.

We figured that going by the ferry the distance is 5.2 miles, an increase of 3.2 miles over our present haul.

Now, as to the ferry proposition, it is very difficult—it will be difficult—if all of the publishers and all of the men who have mail to deliver were required to deliver that over in Sunnyside to get facilities. The ferriage facilities are not sufficient for anything of that kind. At the present time there is very little traffic between those Thirty-fourth Street ferries, growing out of the fact that most of the people either carry their goods over the bridges or, traveling personally, as passengers, they come through the tunnels, so that the ferries in the city of New York have almost become extinct. They are not run on regular schedules; they cease at a certain time at night; they cease, for instance, at 10 o'clock at night on the Thirty-fourth Street ferry, and they only have a few boats, and the advantage in the shortness of the distance between taking the ferry line to Sunnyside would be more than overcome by the impossibility of the ferry to supply the service that would be necessary to carry all of this stuff over, load after load.

While the bulk of our mail is very great, as representing one concern, it must be only a small portion of the vast amount of mail that comes from various business houses——

Senator McKELLAR. Have you made an estimate of what amount of mail will be carried over there?

Mr. SHEEHAN. Yes, sir; we figured it will cost us, instead of \$500 a month, the present cost, \$1,500 a month.

Senator McKELLAR. I am talking about the present mail—all the mail.

Mr. SHEEHAN. No, sir; I haven't had an opportunity to do so. I think some of the gentlemen in the post office can give you that information. I am speaking now only of the facts as they concern us. This would cost us, in increased cartage, \$1,000 a month. That would be \$12,000 a year; and instead of getting an advantage, we would suffer serious disadvantage in having to bring our matter over there, independently of this increased cost.

Trains are made up in Sunnyside at the present time, as I understand, on an average of two hours and two and one-half hours before the schedule set for the starting of the train from the station, so that

there would be a delay of two hours, which practically means one day in the handling of the mail, if it was handled at that station.

Now, I don't know what reasons have been assigned for the selection of Sunnyside as a probable site for the handling of mail, but it seems to me that the accessibility of Sunnyside for this particular purpose is due to its inaccessibility for any other purpose. Sunnyside has been on the map now for quite some years. Numerous attempts have been made to use it as a business center. Very attractive offers have been made by people owning the land there to induce factories to come there. The place is so inaccessible, however, that the people who have gone there would like to get away again. Some have come away. You can not possibly get help there.

An offer was made to our concern, a very attractive offer, to put up a building that would house the entire concern, but we found it would be impossible to get help, because there is no available way to get there except by automobile, and we haven't been fortunate enough yet to pay salaries big enough to have all our people come by automobile.

It seems to me the way to solve this difficulty is to hit upon some site which is in the limits of the New York post office. This particular site is not within the limits of the New York office, and it is very doubtful, from a legal standpoint, if you accept that site, there would be any way in which you could request or compel people to deliver their mail outside the limits of the New York post office. Of course, that is a matter that is administrative, and I do not propose to discuss it. I simply mention it so that the commission may take that into consideration when they are considering Sunnyside.

The CHAIRMAN. Are you going to suggest some other site?

Mr. SHEEHAN. I think from my knowledge of how mail is handled, and I might say for the information of the commission that I was one of the attorneys who appeared on behalf of the publishers—Mr. Herbert Noble and I—before the commission over which Judge Hughes presided, and I made an exhaustive study at that time of the handling of bulk mail.

It seems to me you now have your best site right there at Thirty-third Street at the Pennsylvania Terminal. Of course, that is more expensive land.

The CHAIRMAN. Suppose it should develop that that is not sufficient; that in five years or less than five years from now it would not meet the situation; have you considered the possibility of getting some site that would reach out for 10 or 15 years ahead?

Mr. SHEEHAN. As I said, I have not given much study to this particular site. I only heard about it a day or two ago.

The CHAIRMAN. So that the business men have not considered that proposition at all?

Mr. SHEEHAN. They have not had the opportunity. Of course, there are other available sites—there is the St. Johns site, below Canal. That would have to be built all over again, but at the Pennsylvania Station nine-tenths of the work is done now. All you have to do is to put up another building there to get your facilities. Any other place you go, you will have to do what has been already done at the Pennsylvania Station.

Senator MOSES. Have you any idea of the cost?

Mr. SHEEHAN. I haven't. I suppose it will be expensive.

Senator McKELLAR. What do you think of the proposed price of \$2,500,000?

Mr. SHEEHAN. I haven't had time to consider it.

Senator McKELLAR. It sounds pretty high?

Mr. SHEEHAN. I haven't any idea that the Pennsylvania, if they owned the land, would exact as high a cost as they could, but that other land would not be worth what you paid for it, if you paid nothing for it. That, I think, is the answer to that. It would simply tie up your business in such a way that it could not be handled at all. You would have to make up your cars in Sunnyside, connecting hours and hours ahead of the regular schedule.

Senator McKELLAR. It would not delay the mails much over a day, would it?

Mr. SHEEHAN. Well, it probably would a day, but the difficulty now is that there is not facility for handling them. I don't know whether you can get that facility there. Of course you have the space, and that is all you have got. You have got the space at the most inaccessible portion of Long Island. You have the space in a territory in which every attempt was made to make that a center of factory sites, but failed.

The CHAIRMAN. I might suggest to you that the commission is thoroughly informed as to the difficulties of Sunnyside. If there is any gentleman here who has something better to offer, something that has not been considered, that is not simply a site, that will answer the requirements of the department, the necessities of the Government, we would be glad to hear from them. Of course, we are interested in hearing about your business——

Senator McKELLAR. You need not bother about Sunnyside, in my judgment.

Mr. SHEEHAN. That is the question I assumed that was to be solved here; whether you would have Sunnyside.

The CHAIRMAN. I think I ought to state further, in addition to what Senator McKellar has said, that we want to survey this whole situation. We may not be able to find anything better than Sunnyside, but we are anxious to find out if there is something better than Sunnyside.

We have investigated both the Pennsylvania site and Sunnyside, and we know something of the conditions there. We would like to hear from the business men on any practical proposition that they can submit to us.

Mr. SHEEHAN. Of course, I am only stating something that is apparent to the commission, probably, as it is to me; that the proper place for the facilities is as near as possible to the starting of the trains, and that you have in the New York Central terminal and the Pennsylvania terminal, so that as far as relieving the situation which confronts you to-day is concerned, the only practical way to relieve it is to extend the service you have there at the present time.

Senator McKELLAR. As I understand it, you want the present service at the New York Central and the Pennsylvania Station enlarged to meet the requirements of the city's business?

Mr. SHEEHAN. I think that is the practical solution, and I think also the less waste of time and space and transportation you have the more nearly you will come to solving your question. It seems

to me useless to haul this stuff over to Long Island and back again. It is like the old king that marched his men up the hill and then marched them down again.

Sunnyside is the most inaccessible place on Long Island, and as I said before, it is not part of the post office at New York at all. It will require some administrative changes to make it a part, and after you shall have done that, you have additional expense. You have separated your administrative offices; you have decentralized—I don't care to go into that, because it is administrative—but you have moved from the center of the city of New York, where the executive offices of the post office are located the principal bulk of the business to some place where they won't be under the supervision of the men who have charge of the post office.

The nearer the delivery can be made to the executive heads of the post office, the better will be the administration of the post office. I don't think there can be any question about that, and I don't think there is any point any place, as a point itself, that can be more desirable than the Pennsylvania Station from that viewpoint.

Now, you gentlemen are no doubt familiar with the manner in which second-class matter is delivered——

The CHAIRMAN. Yes; we understand that.

Mr. SHEEHAN. If the facilities were increased, or the matter could be dumped on a train just as the train is leaving, and not as it would be over at Sunnyside, where that work has to be done hours and hours ahead, and then has to wait to go through the tunnel again, the mail would be facilitated. It seems to me we have the place now, and the proper solution is to increase the facilities there.

It reminds me of the story of the Irishman who wanted to buy a ticket to Boston, and the ticket agent asked him, "Do you want a return-trip ticket?" and the Irishman looked at him and said, "Sure not; what do I want with a return-trip ticket; ain't I here now?"

That is what your position is. You are there now. The solution is in increasing your facilities there. It may be more expensive, as a first cost, but if you go to Sunnyside you will not solve the difficulties; you will simply increase them. You will make administrative troubles that will probably not be overcome.

I don't know how long you must figure to overcome this difficulty, but you have got part of your machinery there now, and I think the only feasible solution to the question that is presented is to increase the facilities where they are now.

I thank you very much.

The CHAIRMAN. I think we would like to hear from Mr. Smith, of the Chamber of Commerce of Long Island, if he is here.

(No response.)

The CHAIRMAN. If he is not here this morning, we would like to hear from Mr. Neisel, of the Literary Digest.

STATEMENT OF MR. WILLIAM NEISEL, APPEARING ON BEHALF OF THE LITERARY DIGEST.

Mr. NEISEL. As regards the Literary Digest, Mr. Chairman and gentlemen, the mail problem is a very heavy one. We mailed in the last year 20,000 tons during the year, which makes a mailing of 400

tons a week and about 80 tons per day. We mail during a 5-day period of each week, so that to handle the 80 tons of mail is quite a problem, because it means 5 tons per hour must be dispatched from the bindery.

The CHAIRMAN. Which railroad do you use?

Mr. NEISEL. We utilize both the Pennsylvania and the Grand Central, sending about 50 per cent to each, although it may be a slightly larger proportion to the Pennsylvania.

Of course, the printing plants of New York which do the big magazine business are really located in the neighborhood of the Grand Central and the Pennsylvania Railroad. As you can find out by statistics, they are centralized on the west side of the city. There is a group down town near the old post office, but they are the smaller producers. The larger producers are on the west side.

Of course, to handle that mail to Long Island City would mean an extra expense to the publishers, and it would also mean a great delay in getting the mail under way, because the mailing of a periodical to-day, particularly the weeklies, have to be done on a train schedule; that is, our mailing section has to be familiar with the trains as they leave the station, and they work on very close connections.

Of course, if the mail were to be loaded at Long Island City, we would have to change our own schedules, and a periodical which is a weekly would probably not reach its subscribers as it does to-day.

Senator MCKELLAR. Have you figured what the additional cost will be to you?

Mr. NEISEL. We have not figured that, but it would be a heavy cost, because suppose our mail now cost us \$20 per ton to haul; it would be a 20 per cent increase over that.

The CHAIRMAN. Where are you located?

Mr. NEISEL. Our bindery is at Twenty-fifth Street and Seventh Avenue. We are only seven or eight blocks below the present post office.

Senator MOSES. How long have you been there?

Mr. NEISEL. Twelve years.

Senator MOSES. Did you locate there with reference to the opening of the new general post office?

Mr. NEISEL. That was one of the reasons the new printing and bindery plant was located in that part of the city, because at that time the post office was enlarged.

We are also very heavy mailers of parcel-post and first-class mail. One of the gentlemen from the post office told me we were the largest purchasers of stamps in New York City, and last year we purchased over \$800,000 worth of stamps—first-class stamps.

Senator MOSES. That was due to two or three polls that you took during the year, was it not?

Mr. NEISEL. That, and we do a very great mail-order business. We sell our books through the mail and spend a lot of money for circularizing expenses. That mail would also have to be hauled to Long Island City, and there are so many delays connected with a proposition of that sort that we feel that the post office of New York can best be enlarged right here at or near the Grand Central Station within a few blocks, and near the Pennsylvania Terminal—that is, in that section—the West Side.

We had a little experience last winter in Long Island City. We happen to have a paper warehouse near the Sunnyside yard, and during the bad weather of last February and March we were cut short of paper and couldn't get our paper in on account of train delays, the ice and everything, and we had to draw upon our reserve paper from Long Island City, and it was a tremendous undertaking to get that out. We took some out by the Twenty-fourth Street Pier, because the streets had become almost impassable.

The CHAIRMAN. Did you use the pneumatic tubes to any extent while they were in operation?

Mr. NEISEL. That wouldn't be much of an advantage to us; they were used for first-class mail only.

The CHAIRMAN. Did your house use those tubes while they were in service?

Mr. NEISEL. They were used only for first-class mail.

The CHAIRMAN. I am talking about the first-class mail.

Mr. NEISEL. That I wouldn't know personally. The Post Office Department could enlighten you on that, but so far as we are concerned, we earnestly hope that you will be able to agree on a site in New York City and not go out of New York City.

The CHAIRMAN. We would be glad to hear from Mr. Finney.

STATEMENT OF MR. HOWARD FINNEY, REPRESENTING THE NEW YORK CHAMBER OF COMMERCE.

Mr. FINNEY. The New York Chamber of Commerce has taken no action on the postal situation here. I merely came to report back to the committee that you may have that knowledge, but I may say that some of the members will start a movement for improvement here.

The CHAIRMAN. Does your chamber think it any part of your business to assist the Government in locating a proper site here upon proper terms?

Mr. FINNEY. I suppose it might. Those things all come before a certain committee, according to the nature of the undertaking, and the committee reports to the chamber. They no doubt will be willing to cooperate, although I can not speak with authority. That is just my impression from being on the staff.

Senator McKELLAR. Did that committee ever look into the price of the proposed site?

Mr. FINNEY. I don't think we have.

Senator McKELLAR. Don't you think it would be a very wise thing to do? The Government, if it is going to establish these improvements here, ought not to pay exorbitant prices for a location.

Mr. FINNEY. It is my impression that one of our committees at one time made some report on the prices to be paid for the custom-house, when the National City Bank ultimately bought it.

The CHAIRMAN. You haven't taken any action on this thing and are not prepared to express your opinion about it?

Mr. FINNEY. No.

The CHAIRMAN. We will now hear from the deputy commissioner of police, Mr. O'Brien,

STATEMENT OF MR. JOHN O'BRIEN, INSPECTOR OF POLICE.

Mr. O'BRIEN. I am in charge of traffic, Mr. Chairman, in the city of New York, and I assume that is the reason I have been directed to come here.

Of course, having to do with the expeditious handling of all traffic, in as efficient a way as possible, the mail, of course; comes under my jurisdiction, in so far as facilitating the movement of trucks and automobiles, etc., through the city.

The CHAIRMAN. Who directed you to come? You say you were directed to appear?

Mr. O'BRIEN. Commissioner Harris, the deputy commissioner, who has charge of traffic—so that I would rather be put in the position to answer questions, in so far as the discussion here this morning seems to rest principally on the location of post-office sites. If there is anything that the commission desires to hear, so far as the present handling of the traffic is concerned, I would be glad to answer any questions.

The CHAIRMAN. How does the truck service of the Post Office Department affect your traffic?

Mr. O'BRIEN. Well, of course, under the law, as you know, they are entitled to the right of way. In fact, the right of way over all other vehicles in the street belongs to them, and for that reason the police department tries, as far as possible, to facilitate their movements through the street, and while the post office, through Mr. Patton, have a working agreement that the drivers of these mail wagons are required, so far as possible, to comply with the traffic regulations, in that way they help the police department and we help them, but I do think from my viewpoint, having to do with traffic, that if the automobile wagons and other conveyances carrying the mail—if the streets were relieved of those wagons, it would of course help us considerably in making way for other vehicles to use the streets, and for that reason alone I would be in favor of extending the tubes for the carrying of the mail.

The CHAIRMAN. How long have you been on the force?

Mr. O'BRIEN. 29 years.

The CHAIRMAN. So you were on the force when the tubes were in operation?

Mr. O'BRIEN. I was; yes.

The CHAIRMAN. But can you tell us anything about the conditions that maintained then and now?

Mr. O'BRIEN. Well, of course the conditions that maintained then were quite different from those that maintain now. Take in 1910, for instance, at a time when the mail tubes were in operation—the city of New York—

Mr. STEENERSON. I think they operated in 1918.

Mr. O'BRIEN. They were in operation along those times I speak of. In 1910, as I was saying, the State of New York had only about 75,000 registered automobiles. Now, in 1920, the city of New York alone, or the metropolitan district, which takes in Nassau and Suffolk Counties and part of Rock Island County, have about 301,000 or 302,000 registered automobiles, so you can see the increase in the number of vehicles between 1910 and 1920 has been so great that it would be hard to make a comparison as to the effect the tubes had.

I know that if the tubes were in operation now it would help us considerably to relieve congestion on the streets, particularly because we want and have to give the mail wagons the right of way.

Senator McKELLAR. How many mail wagons are there in the city of New York?

Mr. O'BRIEN. I wouldn't want to answer that question.

The CHAIRMAN. Something over 400.

Senator McKELLAR. Well, do you think taking 400 out of 300,000 would create a very great difference in traffic conditions on the streets?

Mr. O'BRIEN. Well, in numbers it would appear not to materially alter the situation, but when you take into consideration the fact that these 400 machines make several laps during the day it might add a considerable number of vehicles to that.

Senator McKELLAR. Of course, you wouldn't take off all of those if you had the tubes?

Mr. O'BRIEN. No.

Senator McKELLAR. You might probably take off half.

Mr. STEENERSON. Oh, no, you wouldn't take off more than one-quarter.

Senator McKELLAR. Well, if you were to take off a hundred machines from the machines on the street, that wouldn't help the mail situation, would it?

Senator MOSES. That is in the whole city.

Senator McKELLAR. No, in the street.

Mr. O'BRIEN. Well, there are 300,000 in the city, but you wouldn't get that many on the street at one time.

Senator McKELLAR. No; and you don't get three or four hundred mail wagons on the street at the same time.

Mr. O'BRIEN. No; that is true.

Mr. STEENERSON. Isn't it a fact that there is only a small percentage of these three or four hundred that come down into this congested district? It is only the express wagons and store delivery wagons that really use up the space on the streets here. These joy riders, pleasure riders, do not use the streets here, do they?

Mr. O'BRIEN. Oh, yes, they do. Come down to the financial district, the mercantile district, down town, and you will find that 75 per cent of those having charge of offices now ride down town in their cars. In fact, you would think that the cars cost about a nickel apiece to look at them down town, they are so numerous.

Mr. STEENERSON. My observation is that they do not move very fast. You can walk just as fast on foot.

Mr. O'BRIEN. Well, that might be true, or might have been true before I got hold of the traffic.

The CHAIRMAN. I know some that moved very rapidly yesterday.

Mr. STEENERSON. Well, they haven't all got a motor-cycle policeman ahead of them, as we had.

The CHAIRMAN. Now, as I understand it, the mail truck wagons furnish obstacles which the ordinary truck does not, owing to the fact that it has the right of way according to your rules?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. And therefore they tend to congest the traffic more than an ordinary automobile that would go down through the same street?

Mr. O'BRIEN. Yes.

Mr. BELL. What is the peak hour of the traffic in the city?

Mr. O'BRIEN. I would say half past 9 in the morning and half past 4 to half past 5 in the evening.

Mr. BELL. About an hour, then?

Mr. O'BRIEN. Of course, in between then, there are several other hours that are much congested, and that applies to sections of the city—take the down town business section; it is congested every hour of the day. The conditions vary according to the business conditions. If the business conditions are good, the congestion is greater. There is more business for the trucks to do.

Uptown, in the section we are now, it is very busy in the morning and very busy in the afternoon, with a light period in the middle of the day. They go shopping, etc., in the cars and they put them away, park them, for the purpose of having lunch, and that gets them off the street.

Senator McKELLAR. If you had underground tunnels, would that relieve you of congestion between the two stations?

Mr. O'BRIEN. Oh, yes.

Senator McKELLAR. That would be the happiest solution of the question, if it could be done.

Mr. O'BRIEN. That would be the happiest solution, if it could be done.

Senator McKELLAR. Do you know whether it is feasible or not?

Mr. O'BRIEN. Well, I think all things are feasible, provided the money is provided for the purpose of carrying out a project.

Mr. STEENERSON. Well, that is an engineering problem of which probably you are not aware.

Mr. O'BRIEN. No.

Mr. PAIGE. Judging from the fact that the commission are all present here to-day, I think we have a very efficient traffic service in the city.

Mr. O'BRIEN. I thank you, sir.

The CHAIRMAN. All right, Mr. O'Brien. I think that is all, unless you have something to suggest.

Mr. O'BRIEN. Except to say that if the commission desires to move through the city and they are in a hurry to move about, I will be glad to facilitate their movements.

The CHAIRMAN. You have already done that.

We will now be glad to hear from Mr. Hulbert.

STATEMENT OF MR. MURRAY HULBERT, COMMISSIONER OF DOCKS, DIRECTOR OF THE PORT OF THE CITY OF NEW YORK, CHAIRMAN OF THE COMMITTEE OF FEDERAL LEGISLATION, DEMOCRATIC COUNTY COMMITTEE.

Mr. HULBERT. Mr. Chairman and gentlemen of the commission, I think the common ground upon which the commission can meet the Federal authorities is that of service, and the underlying factor in that, so far as the city is concerned, is the question of traffic congestion.

Inspector O'Brien has referred to the traffic congestion so far as his observations, in which the traffic scope of the police department are concerned. The Senator from Tennessee says there are about

400 of these mail wagons. I have about 571 miles of water front to cover. I get around the water front on land in an automobile and the experience that I have in meeting with mail wagons would lead me to believe there are about 10,000.

I will cite as an instance the old general post office at the point of City Hall Park, between Broadway and Park Row. All traffic coming down town in the morning, and that includes the 75 per cent of the people in the financial and commercial district referred to by Inspector O'Brien, who use Lafayette Street, and come into Park Row, are required to go through what is known as Mail Street. That is a little short street that separates the post office from City Hall Park proper. The mail wagons are backed up to the platforms on the north side of the post office, and it not infrequently results in a congestion there for from 5 to 15 minutes.

I speak advisedly of that, because I drive down there nearly every morning myself. I know that that condition did not exist prior to the suspension of the pneumatic tubes in 1918.

Let me give another illustration of that. I live at One hundred and fortieth Street and Broadway, west side. My office, when I was a Member of Congress, was in the Woolworth Building. I could mail a letter from my office early in the morning and it would be received at my home the same afternoon, or my wife could mail a letter to me in the morning, or send papers that I had forgotten and had left at home, and I would receive them at 2 or 3 o'clock in the afternoon.

Immediately after the suspension of the pneumatic-tube service letters mailed at my house between 9 and 10 o'clock in the morning were received by me the next morning.

But I didn't want to come here so much to talk about the question of the street traffic as I did with regard to the question of the river traffic. I am very glad to see that the Post Office Department proposes to restore the service that we had in connection with the receipt of the foreign mail before the war, but the one thing that I would like to commend in connection with your investigation is the disposition on the part of the Federal Government at this time to work hand in hand with the city of New York, to the end that we may be able in the distribution of the facilities to assign for the needs of the mail service such space and water front as will be most convenient and make most effective the dispatch of the mails from the incoming steamers to the general post office.

The difficulty in the past has been that we have all worked to cross purposes. The city of New York has had a request for the lease of docks. They have not taken into consideration what the requirements of the Federal Government may have been, but have proceeded to make leases for those portions of the water front that have been received, and when at a later time the postmaster has found that those accommodations were not sufficient, it has not been possible to provide him with accommodations anywhere in the neighborhood where it would be desirable to locate them.

When I came into office in 1918, I found a pier at Thirty-fifth Street, which was not acceptable because there was no shed covering. That pier has been shedded and ditched. The mail boats are operating from that point now, but at the time they applied to us for space on that pier, we were told they merely wanted a space about 125 feet long to tie a boat up, and that they would require no portion of

the dock itself beyond what was required for the movement of the trucks in and out.

Now, it happens that the department requires considerably more of the space than was anticipated. Happily, I am in a position to provide it for them; but if you gentlemen could understand the delays, the red tape, the entanglements, the embarrassments, I am sure you would take some action to establish a short cut, all of which will materially aid in expediting the mail service here.

I was told by the postmaster the other day that when the *Aquitania* came in she had some twenty thousand-odd bags of mail. We had no warning or notice of it. If the post office used that pier exclusively we would not need warning, but we have had no service out of the pier, and where the post office occupies merely one side of a pier and commercial institutions are receiving freight on the other side, it is inevitable, unless we have notice, that mail will be piled on the pier, and that there will be a delay of an extraordinary amount of mail such as was brought in by the *Aquitania*.

My thought was that if the post office required that space, we would move the commercial activities to other points in the harbor in order to give the Post Office Department the facilities they may require.

With that illustration, just let me emphasize that we are going through now in the development of our water front a period of evolution. There has been a sort of feeling in the city of New York for the last 50 years that the Almighty gave us the most wonderful harbor in the world, and that we did not need to do anything to develop it, but with the advance in progress the facilities here are not adequate; they are not modern. I am ashamed to say they are inadequate in many respects, and antiquated, but we are endeavoring to modernize them. We have very substantial plans under way.

I can illustrate to you the extent of this work as it is going on, by stating that the total improvements made by the department over which I preside in the last 50 years did not exceed \$200,000,000 in value, and the improvements which the department has under way at the present time and will put into effect within the next three or four years will exceed \$200,000,000.

In other words, the cost of modernizing within a period of 4 years will equal the total cost of the improvements that were made in the preceding 50 years.

Now, to what extent will this rearrangement in harbor traffic affect the disposition of the mail in the future? A great many people think the city of New York ends with the water front. That is where it begins. It is not the city which has made the port. It is the port which has made the city.

There was sent to you gentlemen this morning an invitation to be the guests of the city upon an official investigation and inspection of the harbor on Sunday morning and on Monday of the coming week. This inspection has been arranged in order to bring here your colleagues on the Senate Commission on Commerce and Harbors, together with the Army engineers.

We desire to take the Members of Congress, leaving a point in Chelsea, through Harlem, down to where the river joins in Hell Gate; thence to Flushing Bay; then across the Bronx side; then from Hell

Gate to the Battery; then along the Brooklyn shore to the Atlantic Yacht Club, where the visit will terminate, and on the following morning we propose leaving this hotel at 9 o'clock to go by automobile across the bridge, down Flatbush Avenue to the Basin at the head of Jamaica Bay, passing through Jamaica Bay, and Rockaway into the ocean, then into the Narrows, across to Staten Island, to examine the \$50,000,000 dock the city has completed at that point. Thence, proceed up the Hudson River to the point where we shall have made our departure on Sunday morning.

It is the wish of the mayor and the other members of the board of estimate and apportionment, whom I have been asked to represent, that your committee may find it possible to remain over and go with the senate committee on commerce and harbors, and we would be very glad if you can do so. We think it will assist you materially in arriving at the solution which we know you are anxious and desirous of arriving at, in adding to the facilities for the handling of mail in this port, which is not only the lifeblood of commerce of New York, but of the Nation itself.

The CHAIRMAN. May I ask you, Is the mayor and the board also taking an active interest in the locating of these inland sites?

Mr. HULBERT. We have not any knowledge of the location of these sites.

The CHAIRMAN. What you have said is very hopeful indeed to me, because I regard it as a city problem, as much as it is a Federal problem. The witnesses already on the stand have made special pleas for special interests which, of course, the Government must serve, if it can. Now, what Congress would like is not only to have cooperation, as we ought to have, along the lines you have suggested, but there ought to be a public spirit here which would be interested in securing the proper site for handling mail in this city. This problem is not confined solely to Manhattan alone, but to your whole city that you have here, and you can be of great help to us.

Mr. HULBERT. That fits in with the policy of the city with respect to the solution of the congestion problem. When people talk about the congestion of the port of New York, I have often wondered what they meant. The only point where there is any congestion in the port of New York is right here on Manhattan Island, and the reason for that is that in the early days before consolidation, before Brooklyn and The Bronx and Queens were taken into the city, the city of New York was confined to Manhattan, and the result was that our dock development grew up first on the East River, and then on the North River, and the one thing New Yorkers have been trying to do is to transact all their foreign business, and a great deal of their coastwise business, on the Island of Manhattan alone, until it got to a point where some solution of that situation had to be found.

The plan which the city of New York is working out is toward a development in the other four boroughs which will afford us the opportunity of so constructing the water-front development in those boroughs that we will be able to use water facilities, as well as rail facilities, so as to take that business from Manhattan that need not be conducted on Manhattan and distribute it among the other four boroughs.

As I mentioned, we have already built four piers, and they will be rented in a year. The acquisition of land and the building cost has

been \$25,000,000. We have a proceeding on the calendar this morning, which is the reason I want to get away, for the acquisition of land adjacent to those piers, upon which we propose the erection of warehouses and the installation of terminal facilities that will bring all the transcontinental railways across into those ports. That will cost \$25,000,000 more.

Also on the calendar is a report of the committee, of which I happen to be a member, recommending inauguration of proceedings for the construction of a freight and passenger tunnel under the Narrows, connecting Staten Island with Long Island. That was authorized by act of legislature last May, and under the terms of that act it is necessary for the city to begin the work of construction within a period of two years. As a matter of fact, we expect to begin within six months. The estimated cost of that improvement is \$50,000,000. We have the money and are ready to go ahead with it.

By bringing the railroad into Staten Island—and one is there already, the Baltimore & Ohio—by bringing that in, taking the railroads under the river to Brooklyn and connecting up with the development of Jamaica, continuing these railroads over the New York railroad already in existence, we can take our dock into Flushing Bay, where we have brought about development, thence on Staten Island, and thence over Hell Gate Bridge, already in existence, and we are ready to take this dock development into The Bronx and improve the water front on that shore into the East River.

Our feeling is that these improvements under way will effect a substantial diversion of commerce that is handled on Manhattan Island that does not belong there—will divert it to these other boroughs, and it will free Manhattan Island of a very large class of commerce which does not belong here, and it will open up the port for further development for the purpose of local enterprise.

Take, for instance, a shipment of merchandise that may come from Minnesota or Tennessee, and it may be destined for some point in Europe. There isn't any reason in the world why that should be handled on Manhattan Island. What the city needs is the development of the water front where we can make immediate transfer from the rail to the ship. That is what we are providing on Staten Island. That is what we are going to provide in Flushing Bay, Jamaica Bay, and over on The Bronx shore.

If business of that character can be diverted off Manhattan Island, the city will have done its part in the solution of the traffic congestion.

Senator McKELLAR. Is it your idea that we ought to use Sunnyside?

Mr. HULBERT. I should be very much opposed to the use of Sunnyside, for this reason—

Senator McKELLAR. I mean for mail distribution.

Mr. HULBERT. I would be very much opposed to it.

Senator McKELLAR. Would you give your reasons?

Mr. HULBERT. Yes, sir. At the present time we have four bridges crossing the East River to Long Island. These bridges at the present time are used to their utmost capacity. As a matter of fact, they are used beyond their capacity. When these bridges were opened up one by one, the ferry service diminished, the business fell off, until finally the ferry service was completely abandoned, and now that these bridges have been in operation for the length of time they have,

the volume of business has increased and has become so great that the city of New York finds it necessary to do, as a matter of expediency, what any commercial business would do—take up these ferries and operate them practically at a loss, because the competition the ferry has is the operation of the bridge—and it has been one of the hobbies of the mayor that it is absolutely essential that we restore this ferry service, whether it runs at a profit or a loss, because of the necessity of expediting vehicles between Long Island and New York and relieve the congestion over the four bridges.

If you locate your terminal in Sunnyside, it seems to me that is simply throwing the fat into the fire, because you are attempting an additional congestion on the bridges that we can not relieve.

Senator MCKELLAR. Has the city taken any steps with regard to a proposed site on Manhattan proper; one like the Pennsylvania site?

Mr. HULBERT. No; the city has never taken any action.

Senator MCKELLAR. Don't you think it would be wise for the city to do it?

Mr. HULBERT. I think the city would be glad to cooperate with the Federal authorities if invited to do so, but from my own observations, the thing I would like to see is a suitable structure, so far as accommodations are concerned, in as close proximity as possible to the Pennsylvania terminal, and another one close to the New York Central, with a connection between, like the tube service they have in London.

Senator MCKELLAR. Something like a tunnel arrangement?

Mr. HULBERT. A very large one.

Senator MCKELLAR. What size would you suggest?

Mr. HULBERT. I think the one in London is——

Senator MCKELLAR. Six feet, isn't it?

Mr. HULBERT. Six or nine feet. I am not sure which. Mr. Koons can tell, probably.

Senator MCKELLAR. It is quite large?

Mr. HULBERT. Quite large.

Senator MCKELLAR. Would such a tunnel as that be feasible between the two stations?

Mr. HULBERT. If you ask me as an engineer, I can not say, but if I were to apply the experience that I have had as dock commissioner, I would say it was.

Senator MCKELLAR. Oh, I think unquestionably so.

Mr. HULBERT. Our thought is this: In our general scheme for the modernization of the water front, with the relief we expect to get through the improvement now under construction and nearing completion, so that we can take some of the business off the North River immediately, and tear down, as we are proceeding to do next Monday morning, piers that were built along before I was born, and carry that process from the borough where we are going to begin next week, right up to Chelsea, we feel there would fit into the general scheme of development we are working out at the present time a profitable suggestion and proposal for a water-front terminal somewhere in the neighborhood of Thirty-third Street, so that the mail that comes in on the passenger ships could be landed at a place of greatest convenience to the Pennsylvania Terminal and the Grand Central Terminal.

In order that we may include in the plan which we have for the modernization and reorganization of the water front along the North River, we would like to know what the Post Office Department have in mind and what suggestions they can give us that we can incorporate in our plans, so that we can provide, not an inadequate pier such as we have at Thirty-fifth Street now, that has no facilities, but a modern pier, up to date in its equipment, with labor aiding devices, as I call them—I notice you call them labor-saving devices, but I find in my investigations on the other side the words "labor saving" were not used and met with opposition.

Senator McKELLAR. How far is that from the Varick Street new office that is being built?

Mr. HULBERT. You mean the Thirty-fifth Street Pier?

Senator McKELLAR. Yes.

Mr. HULBERT. About a mile and a half.

Senator McKELLAR. The one you speak of—that is at what street?

Mr. HULBERT. You mean the one that was suggested?

Senator McKELLAR. Yes.

Mr. HULBERT. We can locate it anywhere, because the water front along the North River now is undergoing transformation.

Senator McKELLAR. Is that owned by the city?

Mr. HULBERT. Yes, sir.

Senator McKELLAR. I imagine the city would give the Government a site.

Mr. HULBERT. I wouldn't want to speak for the sinking fund of which I am not a member, but my own feeling with respect to the matter, and the attitude with respect to the Army and Navy, has been to tender sites for Government uses on practically a nominal consideration, although when we ask the Government for anything they want quid pro quo.

The CHAIRMAN. I wonder if you are in position to get into cooperation with your city organizations and some other business organizations here and present to this commission in Washington, through you or some other spokesman, such propositions as you can submit as to what could be done with the dock service affecting our foreign mail and also as to the site propositions that we have before us here.

We can furnish you with what we have investigated—what propositions have been submitted to us at different sites. If we could get some concerted action on your part—because I feel it is absolutely essential that we should have the cooperation of the City of New York, because it is their problem just as much as it is our problem—while we want to accommodate all these people who have their business located on Manhattan Island who don't want to be put to the trouble of trucking their mail to some far-removed place, nevertheless we have to deal with our own problem, and if you can find a solution to this problem we would be glad to hear from you, and you would help us materially if such a business committee would appear before us.

Mr. HULBERT. Well, Senator, so far as the dock situation is concerned, I would answer that emphatically, yes. I am in position to bring together municipal authorities and the commercial authorities, through their organizations and work in a spirit of cooperation with the Post Office Department for the purpose of making a survey and

determining, first, the location on the waterfront and, second, the character of development to be made on the waterfront.

I might say, incidentally, that during the war when the Secretary of War found himself in a most embarrassing situation regarding the handling of overseas mail, I placed at his disposal the entire pier at the foot of Forty-sixth Street and turned over the entire floor where the overseas mail was handled. The Secretary of War, as well as the Postmaster General, felt it had been a simplification of their difficulties. We are ready to go into this thing with the same spirit, so far as the handling of commercial mail is concerned. If the post office will tell us what they want and where they want it, we will be glad to determine on a suitable location and enter into a contract with them for the construction of an improvement that will best suit the purposes of the Post Office Department.

So far as selecting sites is concerned, that is a matter on which I do not want myself to volunteer anything, because I don't want to transgress upon any other city department's domain. I don't want to go outside of the sphere of my own department activities, but I offer this suggestion, That if the commission were to go to the board of estimate and apportionment of the city of New York, inviting their assistance and cooperation, I am satisfied that Mayor Hylan would request such action by the city of New York and by the board of estimate and apportionment as would bring the Federal authorities and the city in complete harmony with respect to that matter, and I have no hesitancy in saying it is a matter of intense interest to the city, because as I said a moment ago, we feel one of the most intense problems we have to deal with is this problem of congestion, and when we say to these people of Manhattan we intend to take business away from you and distribute it among these other four boroughs, we must also say to the people of Manhattan, "It is not going to harm you any, because we are working out plans to replace this business with business of a more profitable character to you than the business which formerly passed through here, and which adds to your losses instead of your gains."

The CHAIRMAN. I suppose you know that the last census shows Manhattan is the only borough that has decreased in the last 10 years?

Mr. HULBERT. Yes, sir.

The CHAIRMAN. I think that is all for you, Mr. Hulbert.

Mr. HULBERT. If I could just impress on you gentlemen again the advantage it will be, after having seen the inshore development of New York, to come and see the outshore development, I am sure that it will be of great practical benefit to you. I know the impressiveness, after coming into New York, after an absence of many years, to witness the noticeable change in the sky line of New York, but it is equally as impressive to witness the change in the water front.

The CHAIRMAN. I think, Mr. Commissioner, I can remain over Sunday, if you could go to-morrow.

Mr. HULBERT. I can provide accommodations to-morrow, so far as that is concerned.

Senator McKELLAR. How long does it take to make the trip?

Mr. HULBERT. I would suggest this, if there are any of the committee who can be here on Sunday, who can not be here on Monday, I would be glad to take the committee over the Monday trip on

Saturday, and have you go on the Sunday trip with the other two committees who are coming over.

Senator McKELLAR. There are other committees coming over?

Mr. HULBERT. Yes; the Senate Committee on Commerce and the House Committee on Harbors.

The CHAIRMAN. I think that is all, Mr. Hulbert.

We will next hear from Mr. George Folmer, representing the Merchants Association.

**STATEMENT OF MR. GEORGE J. H. FOLMER, REPRESENTING
THE MERCHANTS ASSOCIATION.**

Mr. FOLMER. Mr. Chairman, I intended to speak especially upon the urgent need for expediting transportation of the first-class mails in New York City, but the Sunnyside proposition has been considered important this morning, and I would like to add a few reflections on that point.

To my mind it would not be feasible. I understand the purpose of the Sunnyside terminal is to enlarge the facilities for handling the bulk parcel-post mails intended for outgoing dispatch. In other words, it is to be a sort of receiving station for distribution and dispatch. In the first place, the station would have 99 or 100 per cent of the mails that would originate in New York City. They would originate under the jurisdiction of the New York postmaster and immediately pass out of his jurisdiction, and then, if I understand the plans right, they come back into his jurisdiction for dispatch.

Probably about 75 per cent of the parcel-post mails originate below Fifty-ninth Street. To my mind the proper place for distributing those mails is somewhere in the district below Fifty-ninth Street. They would then be accessible to all the great railroad stations. It would be necessary somewhere to receive these mails from the various wagon circuits collecting them from the post-office stations. The post-office stations are located along here [indicating on map]. The west side station terminals are located here [indicating]. The east side wagon circuit terminate at the Grand Central. The circuit from down town terminates at City Hall. There is another wagon circuit from City Hall by A to O to Pennsylvania terminal; another via Station 14, V, Foreign, C, to the Pennsylvania terminal; and then there is another one, City Hall to S, D, Madison Square, terminating at the Grand Central; another circuit over here from City Hall, B, Tompkins Square to D, which dumps its mail on D to go forward to Grand Central.

All these mails are carried to these great distributing centers at the present time. It is necessary to handle them there and provide facilities there for handling them.

When you have facilities there, why not at the proper time make distribution for dispatch to the railroads? If they are brought out to Sunnyside a large percentage must go back to New York City to go out on the proper railroads. New York Central mail must be taken to the Grand Central Station for dispatch on the Grand Central; Pennsylvania Station's mail to the Pennsylvania Station for dispatch on the Pennsylvania trains. Mails for the D. L. & W., Erie Railroad, with its numerous branches; the Pennsylvania service supplying the

suburbs, and Staten Island and Brooklyn, must all be brought back to some point here to be rehandled and dispatched, whereas if that were made up in the district where it originated, or where it was first concentrated, that would be disposed of at an immense saving of time and expense for transportation.

It seems to me this scheme would greatly increase the traffic congestion, because all of these wagon circuits must be continuous, carrying the mails from the stations of origin to the terminus of the railroad route. That terminus must have facilities for handling all these mails now, and when it has these facilities, why not use them.

The CHAIRMAN. You are begging the question. You say if it has them; does it have them?

Mr. FOLMER. It must have them; it must have sufficient facilities to handle the mails that come in there.

The CHAIRMAN. The trouble is that is where the congestion is now, and that is what we are trying to relieve now.

Mr. FOLMER. You would relieve it only by doubling the traffic congestion, because you would in addition to having all these wagon circuits have to provide another set of wagons.

The CHAIRMAN. I wish you in your business associations would take this into consideration. We can provide, if the terms can be properly obtained, we can provide conditions for relieving the situation at Grand Central. We can get a site to relieve that close by, but the problem with us now is how are we going to relieve the Pennsylvania Station? Now, it was assumed by one of the witnesses that we have a place there; why not put up a building? Now, as business men, I would like to have you consider either with your engineers or anybody else, whether we can relieve the situation two or three years from now by a building over the space back of the Pennsylvania station. That is a thing for you to consider. Of course, if it was an easy matter, as you suggest, to simply enlarge the facilities of these two terminals, that phase of the situation would be relieved, but we are met with a situation which makes it necessary to obtain sufficient facilities there for handling the mail.

Mr. FOLMER. I should say it would not be a difficult matter to obtain facilities in this section of the town west of the Pennsylvania Railroad Station.

The CHAIRMAN. Are you willing to undertake to enlighten us on that situation through your organizations?

Mr. FOLMER. I am afraid I haven't the statistics.

The CHAIRMAN. I mean have your organizations look into it and report.

Mr. FOLMER. I am sure the merchants' organizations would be glad to look into that.

Senator McKELLAR. You think it ought to be in that neighborhood?

Mr. FOLMER. I believe the great distribution center should be somewhere below Fifty-ninth Street and near the Pennsylvania and Grand Central Station and near the Pennsylvania and other railroad stations, the D., L. & W., the Erie, the Central Railroad of New Jersey—

Mr. STEENERSON. Have you had any experience in the mail service?

Mr. FOLMER. Yes, sir; I was formerly connected with the Postal Service as assistant superintendent of mails.

Mr. STEENERSON. How many years?

Mr. FOLMER. I was with the Government 30 years, during my time of service. My department had entire charge of all transportation schedules for New York service.

Mr. STEENERSON. A statement has been made that the track facilities at the Pennsylvania were insufficient to allow a sufficient number of cars to be there ready for loading, and that is the excuse for taking the mail away and sorting it and bringing it back. How does that appeal to you?

Mr. FOLMER. It would nevertheless be necessary to sort that mail somewhere in New York and take it over to the terminals where the trackage and the terminals are available.

Mr. STEENERSON. If you have facilities, a new building at the Pennsylvania Terminal, facilities for sorting the mail and have it ready to immediately load upon the cars, that will obviate the necessity for more trackage space, will it?

Mr. FOLMER. I should say so.

Mr. STEENERSON. That is, the shorter time a car keeps empty the more time you can operate, and by having these facilities a car can be run in and loaded and run out again.

Mr. FOLMER. I think so.

Mr. STEENERSON. And you think that if sufficient space were constructed in the rear of the post office over the tracks there at the Pennsylvania Station that it would afford sufficient facilities for handling the mail, just as well as if you sent it to Sunnyside and back again?

Mr. FOLMER. Better facilities, I should say. The mail should be segregated at the point where received from the stations of origin. It should be segregated north, east, south, and west.

The CHAIRMAN. I will have to hurry you along a little bit. Have you anything to say about the pneumatic-tube service?

Mr. FOLMER. Yes; I did have something to say about the expedition of the first-class mail. I notice that the engineers and post-office experts treated that under four different headings; first, the utilization of the pneumatic tubes; second, the reestablishment of sea-post service; increase of facilities for handling mails; and decentralization.

Now, going back to the expedition of the first-class mail, I believe that the service to-day in New York City is not as good as it was 25 years ago. We are using, probably, the best available means of surface transportation, namely, automobiles. Twenty-five years ago, before the pneumatic tubes were established, before the automobiles, we used elevated service for transporting first-class mails. We got a very fine even service that could be depended upon then, but to-day the elevated service is not available owing to the great growth of the city and the increased number of stations and the growth of the mail, so some other means must be found. That must be on the surface or under the surface. I think the pneumatic tubes have demonstrated they are the only practicable means of transporting the mails in the city of New York.

Senator McKELLAR. Have you seen the difference since they were discontinued?

Mr. FOLMER. There is no question about it.

Senator MCKELLAR. Your mails are not handled as expeditiously as before?

Mr. FOLMER. They are not. Mails for outgoing dispatch are closed three hours before train time, whereas formerly they were closed about an hour or an hour and a half. I think in connection with the pneumatic tubes we should decentralize the mails; make the primary separation at all stations. The two in connection would provide New York with a very fine mail service, especially for outgoing.

Mr. STEENERSON. You mean separation at the station and the tubes together?

Mr. FOLMER. Yes.

Senator MCKELLAR. What per cent of the first-class mail was carried through the tubes when they were in existence?

Mr. FOLMER. I understand about 50 per cent; but that is somewhat of a misleading term, because it don't mean that the tubes were unable to accommodate the other 50 per cent, but it meant that the other 50 per cent originated at points where the tube service was not needed. For instance, a great deal of it in the Hudson Terminal district originated at a place where a large portion of it is handled over the Hudson & Manhattan Transfer for connection with through trains to the West. Then, a great deal originates in the general post office and the Grand Central for dispatch at those points, so that it could not be considered that the pneumatic tube was unable to accommodate the other 50 per cent. The tubes, I believe, could accommodate all the mail that could be offered to it with advantage and with expedition.

For instance, before the centralization scheme was adopted the various stations made their own primary separations of mail. This must be made somewhere. If it is not made at the station, it is made at the point where centralized. A large portion of it, perhaps 30 per cent, must then be rehandled a second time for final distribution to the various route cases. Now, about two-thirds of it made up on the primary case at the stations could be immediately dispatched without going through these congested terminal stations by massing them upon the nearest station to the railroad. For instance, stations N, H, W, I, J, and Washington Bridge could be massed on Station G, and then again, through the primary separation I speak of, mails for the largest cities which are made on the primary separation, such as Buffalo, Syracuse, Rochester, Cleveland, Chicago, Minneapolis, St. Paul, and all points west, those mails could be sent right down there to Station G, where pouches could be made up for New York, Chicago, or to the New York, New Haven & Hartford.

Two-thirds of the mail could be disposed of in that way, and the same applies on the east side. These stations could make up the pouches for the largest cities, mass them on the Grand Central, where they could be sent out on the trains. That would relieve these stations.

Mr. STEENERSON. Have you any connection with the mail service now?

Mr. FOLMER. I have outside connections now. I have charge of the mail department of the Guaranty Trust Co. of New York.

Mr. STEENERSON. Is that a large firm?

Mr. FOLMER. Yes, we probably handle seven or eight million pieces a year in and out.

Mr. STEENERSON. You have charge of that?

Mr. FOLMER. Yes.

Mr. STEENERSON. That is a part of your work and you have to see to it that this mail is expeditiously handled?

Mr. FOLMER. That is part of my work, and it is also my work to watch for the delays and explain them away.

Mr. STEENERSON. That is largely financial mail?

Mr. FOLMER. Largely financial mail. Our correspondent banks are located all over the country. We receive checks drawn on various New York banks which we are obliged to send through the clearing house for collection. It is necessary to receive those checks in our bank not later than 9 o'clock in order to prepare them for the clearing house which closes at 10 o'clock, and we have noticed many times large quantities of mail has been received too late to put through the clearing, which we formerly had been able to put through.

Mr. KOONS. Was that due to a late train?

Mr. FOLMER. It was due to late wagons, largely.

Mr. KOONS. Where do you deposit your mails?

Mr. FOLMER. Our outgoing mail is deposited at the Hudson Terminal, and our circular mail is deposited by our printers usually at the City Hall Station.

Mr. KOONS. Where do you receive your mails, do you have a box?

Mr. FOLMER. We receive our mail now at the General Post Office. We formerly received it at the Wall Street Station, but when the pneumatic service was discontinued we found they were reaching that station so late we were obliged to receive them at a place nearer.

Mr. KOONS. How much of your mail is received on the first delivery?

Mr. FOLMER. I think we receive about 60 or 70 per cent—75 per cent.

Mr. KOONS. Was that affected to any great extent by the discontinuance of the tubes?

Mr. FOLMER. The mail received in the morning? Well, I should say it was. You see, a large part of that mail comes in by trains arriving at the Grand Central and Pennsylvania terminal about 4 o'clock in the morning, and the through trains from the West get in about 4.08 or 4.15, and the down-town mails were immediately dispatched by pneumatic tube.

Mr. KOONS. Does your clerical force operate during the night?

Mr. FOLMER. Yes; it operates about 22 hours a day.

Mr. KOONS. As I understand you, Mr. Folmer, the mails now close about three hours before the train leaves?

Mr. FOLMER. I understand so, from this report.

Mr. KOONS. I was going to ask you whether you had seen these tables in the back of the report that show the close of the mails; that show some as late as 15 minutes and a half hour, and I doubt whether there are any of them there as late as three hours. Have you examined those tables?

Mr. FOLMER. No; I haven't, but I don't see how it could be possible to close mails 15 minutes before train time, because in most cases the wagon must arrive at the railroad station at least 15 minutes to allow separation.

Mr. KOONS. Do you think that could be done at the Pennsylvania and Grand Central for these fast trains to the west, with separation made?

Mr. FOLMER. I don't see how it could be made as close as that, because I understand the mail leaves the Grand Central post office about 20 minutes before the train goes. That allows 10 minutes to take it to the trains and 10 minutes to load it on the train.

Mr. KOONS. This table shows the closing of the dispatches and when the train leaves. A great many of them are a half hour and 45 minutes.

Mr. FOLMER. Can you point out one, by way of example?

Mr. KOONS. I think the close for the 18-hour train, the one leaving Grand Central, they work the final dispatch 15 or 16 minutes before the train leaves.

Mr. FOLMER. I don't see how that is possible.

Mr. SHEEHAN. I think that only applies to the fast trains. Business houses that desire to get their mails on these trains send them up to a special place in the post office, but for the general business of New York they must close hours before. That particular service closes 15 minutes before the trains, and business houses make a specialty of sending messengers up to deliver that mail.

Mr. FOLMER. I think it is absolutely impossible to close the mail half an hour before the train goes anywhere in the city, because the mail must be separated and the mail must go through that process before it can be delivered on the train.

The CHAIRMAN. I think we will have to go on.

Mr. FOLMER. I would like to say a few words about the sea post service.

The CHAIRMAN. Make it as brief as you can.

Mr. FOLMER. The incoming foreign mails I think are probably delivered slower than they ever were before, due to the discontinuance of the sea post service. That is probably a result of the war. The purpose of the sea post was to distribute New York City mails to make them ready for dispatch. Down town business concerns and financial institutions are deeply interested in this subject. These mails were delivered at the stations on board ship; pouches were made up, taken off the ship and delivered at Pier 8, at the Battery, where they were immediately taken to the stations of delivery, and it was no uncommon thing for a commuter crossing the Hudson River to get to his office and find the mail on his desk from a steamer he had passed. This was because mails were taken off at quarantine, sent to the station of delivery. At the present time they come in here unworked.

The CHAIRMAN. Is that absolutely true? Haven't they restored that service to some extent?

Mr. FOLMER. You have restored the Harbor Mail Service, but not the Transatlantic Sea Post. The harbor service has only been restored for 12 hours daily, whereas we need 24-hour service there.

Mr. STEENERSON. That is being arranged, I think, by Mr. Shaughnessy, Second Assistant Postmaster General.

Mr. FOLMER. Only a few months ago it was our experience to receive incoming foreign mails on the second day after the ship arrived.

The CHAIRMAN. I don't think there is any dispute as to that with the commission. We think that is a facility that ought to be restored, and I think the department agrees with us, so I don't think we need any discussion on that, because we are fully informed as to it.

Mr. FOLMER. That is very encouraging.

The CHAIRMAN. Is the representative of the Hoboken Chamber of Commerce here? [No response.]

We would like to hear from the representative of the Pennsylvania Railroad Co., Mr. Bradley.

**STATEMENT OF MR. VICTOR J. BRADLEY, CHIEF OF THE
MAIL SERVICE AND TRAFFIC, PENNSYLVANIA SYSTEM.**

The CHAIRMAN. Mr. Bradley, you represent the Pennsylvania Railroad?

Mr. BRADLEY. Yes, sir.

The CHAIRMAN. In what capacity?

Mr. BRADLEY. Chief of the mail service and traffic.

The CHAIRMAN. Now, you wrote a letter to the commission some time ago, or to the Postmaster General?

Mr. BRADLEY. To the Second Assistant Postmaster General.

The CHAIRMAN. In reference to a proposed building over your tracks at the rear of the station?

Mr. BRADLEY. Yes, sir.

The CHAIRMAN. Well, now, were you authorized to make a proposition in your letter? Was that a proposition, a bona fide proposition, that the railroad would stand back of?

Mr. BRADLEY. It was a reply to a letter from the Second Assistant Postmaster General dated, as I recall it, December 30, 1920, which asked the Pennsylvania Railroad Co. whether it would consider the possibility of submitting to the Post Office Department a proposal for the erection of a postal building on a lease of 20 years, either at a site west of the Pennsylvania station in New York City, or at Sunnyside Yard, on Long Island, or at Jersey City. The department's letter was referred to the vice president of our eastern region, who turned the matter over to an expert committee for study. The reply that I made, I think, was on April 4, 1921, informed the Second Assistant Postmaster General that the matter had received very careful consideration; that the site west of the Pennsylvania station was available; that it was practical both from an engineering and operating standpoint to erect a postal building on that site.

It made an estimate as to the mail tonnage and as to the number of postal cars that would be necessary, based upon past experience covering a future period of 10 years and a future period of 20 years, concluding in an estimate that about 89 postal and storage cars a day would be needed at the end of a 20-year period, and stating in connection therewith that they could provide facilities for the dispatch of 115 postal and storage cars which they believed, according to the best data they had, would be considerably in excess of the probable number of cars required at the end of that period.

Senator MOSES. How many are you using a day now?

Mr. BRADLEY. About 40.

Senator MOSES. And you estimate that at the end of 20 years that will be only slightly more than doubled?

Mr. BRADLEY. Yes, sir.

Senator MOSES. What has been the ratio of growth in this city in the last 20 years?

Mr. BRADLEY. It varies greatly. It would depend upon what class mail you were considering, and, of course, the situation has been aggravated in the last few years by the establishment of the parcel post and certain orders made in connection with the development of the parcel post.

Senator MOSES. How long have you been superintendent of mail and the traffic division?

Mr. BRADLEY. About 10 years.

Senator MOSES. Do you remember what the bulk of the mail was then?

Mr. BRADLEY. I have the figures available. I have here the tonnage of the outgoing mails at various periods. For instance, 1901—I have it every four years—1901, 120 tons; 1905, 166 tons; 1909, 182 tons; 1913, 236 tons; 1917, 264 tons.

Senator MOSES. In 16 years, what was the increase in tonnage?

Mr. BRADLEY. The tonnage there was from 120 tons to 264 tons, a little over 100 per cent.

Senator MOSES. That is in 16 years?

Mr. BRADLEY. Yes.

Mr. STEENERSON. I was just going to remark that you have that for 1909?

Mr. BRADLEY. Yes.

Mr. STEENERSON. And the next period is——

Mr. BRADLEY. 1913.

Mr. STEENERSON. 1917, isn't it?

Mr. BRADLEY. No, 1913. Every 4 years. These figures are obtained from the quadrennial weighing.

Mr. STEENERSON. What is the difference between 1913 and 1917 in tonnage?

Mr. BRADLEY. The difference is as between 236 tons in the former period and 264 in the latter.

Mr. STEENERSON. That seems to be remarkable, because parcel post was established in 1913, and was developed very greatly in that 4-year period, and still it only shows an increase of——

Senator MOSES. Twenty-eight tons.

Mr. BRADLEY. Twenty-eight tons. You will find in studying figures of this sort a great many irregularities, many of which can be accounted for, and others it is hard to account for. In that period, you remember 1917 was rather a poor year for postal revenue on account of the opening of the war.

Mr. STEENERSON. 1915?

Senator MOSES. When we went in.

Mr. BRADLEY. 1917 we went in, but along about that time the periodical mail, the second class matter, was diverted from the mail service into the freight service by the Post Office Department.

Mr. STEENERSON. Oh, I see. Is that what they call the blue tag?

Senator MOSES. Our researches show that the parcel post quadruples in volume in 10-year periods.

Mr. STEENERSON. That was true, but that won't be true in the future unless you raise the limit.

Senator MOSES. I think the development of parcel post is going to be as great in the future as in the past, but that is a moot question that we don't need to argue now. What I am trying to get at is to establish the validity of Mr. Bradley's suggestion that 89 cars is going to be sufficient to handle this mail from the point of departure 10 years from now.

Mr. BRADLEY. We had to proceed on the best data available. Information about the parcel post growth, for example, we had the count of the New York post office for 15 days, October 1 to 15, 1919, and a similar count in the same month of 1920.

Senator MOSES. That showed what growth?

Mr. BRADLEY. In 1919 the weight in pounds dispatched from the New York post office was 31,484,000; the next year, 1920, there were 32,927,000.

Mr. KOONS. Have you figures for 1916, parcel post?

Mr. BRADLEY. Yes.

Mr. KOONS. What was it in 1916?

Mr. BRADLEY. In 1916, the dispatch was 13,347,000.

Mr. STEENERSON. As against 32,000,000 last year?

Mr. BRADLEY. No; the calculation Senator Moses is making now shows an increase of 4½ per cent.

Senator MOSES. Well, at that ratio of increase, in 1929 we would have 46,000,000 pounds of parcel post mail from the New York post office.

Mr. BRADLEY. Certainly; or there may be a change in governmental policy that would either reduce it or increase it very much.

Mr. STEENERSON. Did you have mail experience before you went to the railroad?

Mr. BRADLEY. Yes, sir.

Mr. STEENERSON. In what capacity?

Mr. BRADLEY. Superintendent of mail service and as an employee of the Railway Mail Service previous to that.

Mr. STEENERSON. For how many years?

Mr. BRADLEY. I was superintendent for 15 years.

Mr. STEENERSON. Here in New York.

Mr. BRADLEY. Yes.

Mr. PAIGE. What month did I understand you took these figures from, January?

Senator MOSES. October.

Mr. BRADLEY. I don't understand that question.

Mr. PAIGE. What month did you take these figures from?

Mr. BRADLEY. The last month I took was October 1 to October 15, 1919, and the last count was in the year 1920. Mr. Koons calls attention to the growth from 1916 to 1919. There was a very large growth there. Take the 15-day period in 1916, there were 13,047,000 pounds during the 15-day period. In 1919, three years later, there were 31,484,000 pounds. That was probably due to the change in the weight limit which took effect in 1918, and which raised the weight limit from 12 pounds—

Mr. STEENERSON. Eleven pounds, wasn't it?

Mr. BRADLEY. Twenty pounds to 50 pounds all over the country and 50 pounds to 70 pounds within the first two zones.

Mr. KOONS. Three.

Mr. BRADLEY. The first three zones, so that it is apparent there that a change in governmental policy may change these figures very much. We had to grope our way along there, requesting assistance from the railway mail service and from the department at Washington, and we got a letter from the department at Washington saying that they had no tonnage figures for recent years out of New York, and as I say we were obliged to make the best estimate that was possible.

Now, in regard to the calculation of the number of cars and the trackage to accommodate them, I have with me the general superintendent of this system, the New Jersey division, which includes the Pennsylvania terminal, Mr. Leiper, who is very familiar with this whole question, and who has served at the Pennsylvania Station from the time it commenced to operate.

Senator McKELLAR. Before you ask him about these matters, I would like to know what sort of figures you have arrived at, if any, as to this site at the Pennsylvania Station, this addition.

Mr. BRADLEY. You mean as to the selling price?

Senator McKELLAR. Yes.

Mr. BRADLEY. \$2,500,000.

Senator McKELLAR. Just for the site?

Mr. BRADLEY. Yes, sir.

Senator MOSES. For a 10-year lease?

Mr. BRADLEY. We did not respond directly to the department's question regarding a rental proposition. The discussion of this subject has been going on for fully eight years. In fact, the inadequacy of the mailing platform of the present post office that is on the street level was perceived as early as 1913, and Superintendent Norris of the Railway Mail Service commenced a discussion with our general superintendent, at that time, as to what could be done to extend the facilities beyond the private street—that is, the western boundary now of the post office.

A committee at that time consisting of two assistant superintendents of the Railway Mail Service and the postmaster of New York, Mr. Morgan, served as a committee appointed by the Post Office Department to discuss that matter, but nothing came of it. I don't think the department was in position to purchase or to negotiate.

In 1914 I noticed, in looking up the record recently, the department had concluded a contract with the Postal Transfer Co. for a site on Thirty-first Street immediately opposite the Pennsylvania Station. I think that was for 57,000 square feet at \$2 per square foot, but later on that contract was annulled, so that this discussion has been going on for years with the First Assistant Postmaster General and others, trying to arrive at something specific and satisfactory to the department.

Eight years has elapsed since the discussion began, but we have had a great war to deal with; we have had the railroads for a part of the time under Government control; we have had rather a difficult financial situation to deal with, so after all it is not surprising that there is delay, but at the present time there is very great congestion and very great need for prompt relief.

I have noticed in the summary of the testimony that some remarks have been made rather doubting the possibility of the Pennsylvania

Railroad Co. providing for the number of cars for the future as was stated in my letter, and I thought Mr. Leiper, our General Superintendent, who participated in the investigation, the results of which were stated in my letter, could give you the very information you need.

The CHAIRMAN. As I understand it, you are speaking for the Pennsylvania Railroad Co. and are willing to make a contract with the Government in reference to this piece of property?

Mr. BRADLEY. The position of the Pennsylvania Railroad Co. throughout, as I have been advised by our real estate department, is that they are willing to sell that site. The Pennsylvania Railroad Co. has never thought it would be feasible to undertake financing the building itself for Postal Services on a rental basis.

The CHAIRMAN. At what would you sell to the Government or anybody else?

Mr. BRADLEY. The price that was named in the letter, which was the price I got from our real estate department, was \$2,500,000.

The CHAIRMAN. What would that sell; what would that convey?

Mr. BRADLEY. That would convey the site.

Senator MOSES. That would convey a 10-year easement?

Mr. BRADLEY. No, perpetually.

Mr. PAIGE. But you would reserve the right to use the lowest level for your railroad?

Mr. BRADLEY. Yes; it would be subject to the same conditions that affected this other sale. That is, below a certain level, the railroads reserve that property.

Senator McKELLAR. What else could you use that site for?

Mr. BRADLEY. Any sort of commercial purpose. I understand numerous projects have been submitted, but at the time this site was acquired I think Congress passed an act in their appropriation bill of 1906 and designated a committee of cabinet officers to select a site out of several places designated by citizens of New York. I think the Postmaster General, the Treasurer and Postmaster General, selected that particular site. The impression of the Pennsylvania officials is that it was the desire of the Government at that time to acquire the entire block—I mean the Post Office Department—from Eighth Avenue to Ninth Avenue, but as the appropriation was only a partial one, in order to begin proceedings, they felt they could not take more than half the block.

Senator McKELLAR. What did they pay for that?

Mr. BRADLEY. I think that was \$1,660,000, and I understand that that amount, under review, does not disclose that any charge was made for the excavation, which, of course, is very expensive.

Now, the real estate department informed me they have always felt under a moral obligation to the Government. That is, if a commercial proposition was submitted, in such terms as they felt it would be necessary to accept it in the interest of the company, they would first deem it proper, in fact, essential, to communicate with the department to see—well, to give the Government the first call on that remaining part of the block.

Senator McKELLAR. Has the railroad company ever received a tangible proposition for the lease of this remainder of the block, or has it ever made any offer made any offer to others?

Mr. BRADLEY. I understand there have been a number, but I am not personally familiar with them, because that is in the real estate department.

Mr. PAIGE. I understood you to say they did not propose to lease; they want to sell it?

Mr. BRADLEY. I didn't pay any particular attention to that question of lease. I understood the real estate department meant to dispose of the property.

Senator McKELLAR. I wanted to know whether you had negotiations with other people and at what price you have offered it or if it had been offered. In other words, we want to know the value, if we can find out.

Mr. BRADLEY. As I say, that would be a matter more for a discussion from our real estate department. They know those things. I have understood in actual conversation there have been a number of offers, and one quite recently was a cash offer—between \$2,000,000 and \$2,500,000.

Senator McKELLAR. Now, if you will ascertain that and put it in the record, we will be obliged to you—just what the figures were.

Mr. BRADLEY. Well, I will ask our people if they can not give me that.

Senator McKELLAR. What was the nature of the Pennsylvania title? Did they condemn that property or did they buy the fee?

Mr. BRADLEY. I couldn't tell you that.

Senator McKELLAR. It would have a good deal of effect on the title you gave the Government.

Mr. BRADLEY. I have no doubt but that a perfect title can be given the Government.

Senator McKELLAR. Your idea is that the railroad has the fee in the property?

Mr. BRADLEY. As I say, I think that had better be discussed with the real estate people. I am not familiar enough with that.

The CHAIRMAN. Who is the gentleman you wanted to call upon?

Mr. BRADLEY. Mr. Leiper.

The CHAIRMAN. All right, we will hear from him.

STATEMENT OF MR. C. I. LEIPER, GENERAL SUPERINTENDENT NEW JERSEY SYSTEM, PENNSYLVANIA RAILROAD.

Mr. LEIPER. I recognize the necessity for brevity, and have prepared a brief memorandum which sets forth as concisely and precisely as possible the information I thought you and your commission would like to have, Mr. Chairman, and with your permission I will read it:

Relative to proposal to erect a new post office building over the tracks of the Pennsylvania Railroad Co., between the present post office building and Ninth Avenue:

Information at hand appears to indicate a doubt in the minds of some who have participated in the discussion up to the present time as to the ability of the Pennsylvania Railroad to successfully handle the United States mail traffic which can reasonably be anticipated as a fair measure of future growth.

The present mail tonnage for dispatch will average about 550 tons per day, and requires 27 storage and 13 R. P. O.—a total of 40 cars. Our estimate of future requirements is:

For 1930, approximately 800 tons, requiring 40 storage and 21 R. P. O.—a total of 61 cars.

For 1940, approximately 1,300 tons, requiring 64 storage and 25 R. P. O.—a total of 89 cars.

This estimate is based upon our records and experience during the past 10-year period, and is supported by information received from the Railway Mail Service authorities.

Present track facilities at platforms 4, 8, 13, and 14, which are now available for handling United States mail business, will accommodate 32 cars, and for this number of cars, several set-ups per day are entirely practicable, assuming, of course, proper cooperation on the part of the Railway Mail Service, and the number of set-ups which can be arranged will automatically increase to that extent the capacity of the present facilities.

Mr. STEENERSON. What do you mean by facilities?

Mr. LEIPER. Placement of cars. For instance, if several cars can be accommodated, the adjustment to a certain platform would be termed a "set-up."

Senator MOSES. You mean you have facilities for 32 cars?

Mr. LEIPER. We are using that space.

Senator MOSES. Thirty-two cars could remain there practically disturbed through a 24-hour period?

Mr. LEIPER. That is the present arrangement, the present assignment.

It will be appreciated that in our consideration of this subject we must necessarily take into account many other factors aside from the United States mail requirements, the latter being only a part, and very closely interwoven with all of the other details of operation involved in a terminal of this kind. It will therefore be readily apparent that in estimating the growth of United States mail traffic and providing facilities therefor, it is likewise essential to estimate the growth of other traffic and the additional facilities required, and to establish their proportionate relations, viewing operation as a whole. For this reason it appears to be prudent to provide additional track and platform facilities for the exclusive handling of United States mail, and it has been determined that it will be feasible, when the proper time arrives, to provide additional track and platform facilities on the Thirty-first Street side of the Pennsylvania Station yards. The tentative plans which have been prepared provide for additional platforms which will accommodate 19 cars, in addition to which storage facilities will be available for 48 additional cars, thus providing for a total of 67 additional mail cars. Assuming that at least three set-ups per day will be practicable at these new facilities, and allowing for two set-ups per day at the present facilities, we would have a total capacity for the dispatch of about 120 carloads, and this exceeds the estimated requirements at the end of 20 years. I, therefore, wish to assure the Joint Commission that any doubts which may exist as to the ability of the Pennsylvania Railroad to successfully handle this traffic in the future as they have in the past may be dismissed.

At the same time, I wish to make it perfectly clear that the large increase in United States mail which is expected will necessitate proper and close cooperation on the part of the Railway Mail Service, in order to insure satisfactory results. Some of the present methods of handling this traffic will, of necessity, have to be changed. For instance, it is now the custom to place empty cars on the track adjacent to mail platforms, where they are loaded with small quantities from time to time, as the mail accumulates and is worked through the post office. This results in cars occupying these tracks for an excessive period of time while being loaded. The large increase in this traffic will necessitate a better use of the available facilities, and I desire to emphasize the importance of providing in the new post-office building proper facilities and sufficient space to accumulate mail in carload lots, which will permit of placing an empty car and immediately providing a full load. Under the present conditions the record from June 1 to June 12 indicates an average time of cars occupying tracks while being loaded of 7 hours and 31 minutes, with a maximum of 23 hours and 5 minutes, and a minimum of 50 minutes. We estimate that under an arrangement whereby a full load would be available when the car is placed, the loading can be completed in an average period of two hours, and the difference between two hours and the period of time now required, as indicated above, represents the elasticity in the present facilities by this change in method.

We also understand that there is a feeling that an excessive period of time would be required in the construction of a new building over the tracks of the Pennsylvania Railroad Co., owing to the difficulties attending the construction of necessary foundations and superstructure in the midst of traffic. It has been estimated that the building can be erected in something less than a year, the time required being dependent to some extent upon the cooperation they can expect from the railroad company in construction of foundations and superstructure in the station yards. We have had informal conferences with reputable contractors and feel confident that satisfactory arrangements can be made which will not interfere with the movement of traffic and which will not impose any unduly restrictive limitations upon the construction forces and will permit the work to be done with reasonable facility.

I further wish to extend the assurance that in this particular piece of construction the safety of passengers and the protection of traffic will be our paramount consideration. The exigencies of railroad operation frequently require very heavy construction work without traffic interruption. It has always been the policy of this company to exact of the construction forces such precautions and safeguards as are necessary to insure full protection, and similar action will be taken in the case under discussion, and very careful supervision will be given by our own representatives to insure our requirements in this respect being complied with.

From the time that consideration was first given to the establishment of a post office in New York over the Pennsylvania Station Terminal area it has generally been considered by our company that the area bounded by Eighth Avenue, Ninth Avenue, Thirty-first Street, and Thirty-third Street should be reserved for this purpose. Indeed, I am led to believe that consideration was originally given to the entire use of this block for that purpose.

The United States Post Office authorities, however, limited their original construction to the portion of this area now occupied by the general post office.

Since that time we have felt morally obligated to give first call to the Government for the use of the remaining portion of this area.

The CHAIRMAN. What will you do with these cars as fast as they are loaded?

Mr. LEIPER. Dispatch them, sir. Combine them with trains to the west or south or New England, as the case may be, and forward them to destination.

Senator MOSES. I understood from the previous witness that the Pennsylvania Railroad had no intention of making this construction itself; you apparently have intimated otherwise.

Mr. LEIPER. I so understood the witness and agree with him.

Senator MOSES. But you have just given assurance. Will you read that last sentence. I don't want to make any mistake in what you said.

Mr. LEIPER. Well, I think it was confused with the safety of the passengers.

Senator MOSES. But you are giving an assurance there—never mind the advertisement as to the safety of the passengers; what did you say—

Mr. LEIPER. That if this particular piece of construction is undertaken the safety of passengers and the protection of traffic will be our paramount consideration. I mention that because information reached me that in a former hearing before this commission that point was emphasized; that the construction might be attended with some danger. That is why I wish to clear up that point here, which I think had been emphasized before this commission at this previous hearing.

The CHAIRMAN. That is right.

Senator MOSES. You are giving bond for the contractor, then?

Mr. LEIPER. We have to be very careful in our selection of the contractors in all our important work which is undertaken where tracks in service are being used, and have to give such supervision to the work as will insure complete safety.

Senator McKELLAR. I thought that you said, though, that the railroad company was not willing to build a building and rent it to the Government.

Senator MOSES. The other witness said that.

Senator McKELLAR. Your idea is merely to sell the space to the Government and not undertake any building?

Mr. LEIPER. The understanding I have is that our company has always considered that the first call for that particular site is with the Government, the post office.

Senator McKELLAR. Will your company consider building the property there and renting it to the Government?

Mr. LEIPER. I understand our company has given some consideration to that and prefer to sell the site and not build the building.

Mr. STEENERSON. But even if you sell the site, you will have to have some supervision over it, because you have your tracks on the first level?

Mr. LEIPER. Quite so; exactly as was done when the present post office was built.

I think that covers all I have to say.

Senator MOSES. Didn't the construction of the Pennsylvania Railroad and the general post office go on simultaneously. The post office, as I understand it, was occupied in 1911 and the station in 1910. As I understand, the two operations were going on simultaneously.

Mr. LEIPER. I think I have to correct that a little. I think the foundations and the columns—perhaps some of the girders above the first set of columns were erected coincident with the station construction, but the building above that was not built for a couple of years after, not completed until a couple of years after we were in operation.

Senator MOSES. You opened the station in 1910?

Mr. LEIPER. Yes.

Mr. KOONS. The general post office was opened in 1911, wasn't it?

Mr. LEIPER. Only a part of it. The upper floors, the general construction, was not completed, I think.

Mr. KOONS. The Railway Mail Service had a terminal in the lower floor.

Senator McKELLAR. Would you be willing to submit a proposition of building it yourself and renting it say for 20 years?

Mr. LEIPER. I believe our company would not, sir. They propose to dispose of it as was done in the case of the present general post office.

The CHAIRMAN. Do you know whether you have had under negotiation with any concern any proposition looking to the construction of a building for rental to the Government?

Mr. LEIPER. Yes, sir; we have.

The CHAIRMAN. What company?

Mr. LEIPER. One company I can recall is the James Stewart Co., who has been negotiating with our real estate department and some of our executives in Philadelphia looking toward the construction of a building on that site and providing for the space required by the post office on a rental basis.

The CHAIRMAN. Any other concerns?

Mr. LEIPER. I understand there are some others, but I have no personal knowledge of them, because that matter is in the hands of our general real estate agent in Philadelphia.

Mr. GOOD. I represent such a firm.

The CHAIRMAN. The Stewart Co.?

Mr. GOOD. No, another firm; Brett & Good is my firm. Good is my name.

The CHAIRMAN. It is just 1.15. We would like to have you come back here at 2.30, and we will go into these other matters.

(Whereupon, at 1.15 o'clock p. m. a recess was taken until 2.30 o'clock p. m.)

AFTER RECESS.

The hearing was resumed at 2.30 o'clock p. m., pursuant to the taking of recess.

The CHAIRMAN. Mr. Bradley, there was one question that I wanted to ask you, at your suggestion: Why does the Pennsylvania Railroad refuse to construct this building, to finance a building such as the Government needs?

Mr. BRADLEY. In reflecting over the testimony this morning it occurred to me that perhaps I had not made it clear that the disinclination of the Pennsylvania Railroad Co. to finance the proposed building is due to a long-existing policy and has no immediate or particular application to this particular project. Some years ago, I understand, the board of directors passed a resolution regarding the disposal of such real estate as the company owned, and which was not immediately needed for transportation purposes, and also discontinuing the financing of any project in connection with the railroad service which was not immediately related to the railroad service or the transportation service. I am glad to have the opportunity to make this clear.

The CHAIRMAN. I think that is all. We will next hear from Mr. Stewart.

**STATEMENT OF MR. ALEXANDER M. STEWART, PRESIDENT
OF J. STEWART & CO.**

The CHAIRMAN. Has your firm been contemplating the construction of a building on the Pennsylvania site, to which reference has been made here?

Mr. STEWART. Yes, sir; we have made a proposition to the company for acquiring the property over the Pennsylvania tracks and erecting a building and leasing it for 20 years.

The CHAIRMAN. You submitted that in writing?

Mr. STEWART. We submitted that, dated April 28, I think.

The CHAIRMAN. Will the type of building have anything to do with your bid?

Mr. STEWART. The practicability?

The CHAIRMAN. Or the type of the building?

Mr. STEWART. No; there is no trouble in erecting the building. I have prepared a memorandum that will very briefly give our views of it.

The CHAIRMAN. Different from the one that is in the record?

Mr. STEWART. Yes; I prepared this after having been given the criticism offered regarding the practicability of the work by your committee.

The CHAIRMAN. Have you talked this over with the Post Office Department—any members of the Post Office Department?

Mr. STEWART. We had two talks with the committee. Mr. Johnson and Mr. Norris and Mr. Maddox, I think, were the three we addressed our communication to.

The CHAIRMAN. Has there ever been any plan for a building there?

Mr. STEWART. Not from the department, but there were some rough outline plans made by Messrs. Gibbs & Hill, who are connected with the Pennsylvania, as consulting engineers. They had made some sketches, and it was from that we made our proposal. We haven't had any detailed talk with the committee.

The CHAIRMAN. Your offer there would be on the theory that it would be such a building as would meet the approval of the Post Office Department or the Treasury Department?

Mr. STEWART. Yes.

The CHAIRMAN. Have you submitted any bids for the property itself, the site?

Mr. STEWART. Yes; we have been in touch with Mr. Hume of the real estate department of the Pennsylvania. He gives us the same price as he had asked the Government direct for the site, and we have said to him that provided the work was given to us and we built the building we would pay him that price for the building.

The CHAIRMAN. You may submit your memorandum.

Mr. STEWART. This memorandum simply alludes to the practicability of doing the work and the length of time required to do it, which I believe was testified to:

With reference to the time required for completion of the post office building and the question of danger connected with its erection over the tracks of the Pennsylvania Railroad, wish to say that we have been in conference with the operating officials of the Pennsylvania Railroad Co. and have discussed with them the manner of handling their traffic during construction of the building; they have assured us that they can and will make such changes in their tracks as is necessary for the building of foundations and will also control the assignment and regulation of tracks within certain hours so that the steel work can be erected without any delay to the trains or danger to the traveling public. With this understanding we can name 14 months (after signing of contract) as the extreme date within which we can complete the building and we believe that with quick delivery of steel, now possible, the building can be completed within a year.

In connection with the danger of erecting this steelwork, we desire to point out that although it would appear to be a difficult undertaking, it is not more hazardous than the erection of steelwork and stonework on high buildings erected along Broadway, Wall Street, Nassau Street, and other adjacent busy narrow streets in New York City, where many times more people are exposed to the danger than would be possible in connection with this proposed building or in the erection of new factory buildings over the old ones while thousands of workmen were performing their usual work.

We have erected many buildings in New York, Chicago, and St. Louis in crowded streets without any accidents, and we might mention here that one of the earlier pieces of difficult construction work in connection with railroad terminals was done by us in 1902 and 1903, when we were commissioned to build a complete tunnel system under the 32 tracks entering the terminal station at St. Louis for the purpose of handling baggage, mail, and express matter. This work involved shoring up and maintaining all of these 32 tracks while traffic was going on as usual. Also that we have erected several large factories over old ones while hundreds of workmen were employed directly under the steel erection, such as the Union Switch & Signal Co.'s works at Swissvale, Pa., and the Lorian Steel Co.'s works at Johnstown, Pa. We might also mention that several large train sheds have been erected over terminal tracks, such as the Pennsylvania train sheds at Pittsburgh and at Philadelphia, and train sheds have been taken down under similar conditions, as, for instance, the Jersey Central train shed at Jersey City, all without accidents or serious interruption to traffic.

The construction of buildings over operated tracks at Grand Central Station north of Forty-fifth Street has been in progress almost continuously for the past 11 years. In 1910, the new Grand Central Palace was constructed over the easterly part of the terminal and over tracks which were then being used as tracks upon which passengers were handled to and from platforms. In 1915 the lower three stories of the mail service and office building, between Forty-fifth and Forty-sixth Streets on Lexington Avenue, was built over the tracks which were then in service. In 1916 the Paterno Apartment House, located between Forty-seventh and Forty-eighth Streets, Park and Madison Avenues, was built, and this is largely over platforms and tracks of the incoming station. These tracks and platforms were in service at the time the building was constructed.

During the past year they have constructed apartment house known as 250 Park Avenue, between Forty-eighth and Forty-ninth Streets, and apartment house known as 300 Park Avenue, between Forty-ninth and Fiftieth Streets. These buildings are over the northerly ends of the platforms and over the throat of the New York Central yard. The supports for these buildings extend down through two track levels, and the work has been executed while the tracks were in active operation and without any serious inconvenience to business.

Incidentally, with relation to the steelwork at the Grand Central Palace, it will be interesting to the committee to know that, on account of the large traffic passing under this building, we determined to erect no steel during the daytime, but did erect it

all between 11 p. m. and 6 a. m., at which time there was a minimum number of trains, and, of course, such an arrangement can be made for the erection of much of the steelwork at the Pennsylvania Depot.

We have carefully considered all the features connected with the erection of the building on this site and we do not underestimate the difficulties connected therewith. We will probably associate with us in the erection of the steelwork the Terry & Trench Co., who have erected over 100,000 tons of steel in the Grand Central Station, New York City, over 50,000 tons of which were erected over the tracks on which trains entered and departed from that station while the erection was going on, which work was done without a single accident and without undue delay to the traffic. These people also erected the steelwork for us in the Grand Central Palace, built over the tracks of the New York Central Railroad, on which traffic was maintained; and, inasmuch as they have done this large amount of work similar in nature and fully as difficult as that now contemplated to be done over the Pennsylvania Railroad tracks and have executed it successfully in every way and therefore have the necessary experience, we have tentatively arranged with them to do this erection work should we erect the building.

Referring to Mr. Howard's statement that when the Grand Central Station was built they shut off traffic completely from one-half of the station and built that half up and then put the traffic back there and built the other half the same way, and that there was no traffic coming in under the half of the station under construction; also that the tracks were to be in use. This has no bearing whatever on the conditions under which the Grand Central Palace and other buildings were built over their tracks. The 50,000 tons of steelwork which we have mentioned before as being erected at the Grand Central Station above the tracks on which traffic was maintained was done while the train service was kept up, and the work there was rather more difficult for the reason that the Grand Central Station has two levels of tracks, and the traffic, therefore, had to be maintained both under and over some of the steelwork when it was erected, which is not the case at the Pennsylvania Depot, because traffic will be maintained there only under the steelwork.

The CHAIRMAN. Have you figured out about what per cent you are calculating to receive on your investment?

Mr. STEWART. I haven't those figures with me, but we have arranged with bankers to handle it, and it has been figured out at a price that will amortize the building in the 20 years.

The CHAIRMAN. You figured your price on wages and material as of what date?

Mr. STEWART. In April of this year. Of course, if we have an opportunity of discussing with the committee the details of their plan, there might be quite a modification in the cost of the work.

The CHAIRMAN. What was your price per foot rental to the Government?

Mr. STEWART. \$2.25.

The CHAIRMAN. And you think that could be reduced?

Mr. STEWART. Well, we think possibly so. Since that time there has been some reduction in wages and a considerable reduction in steel.

Mr. STEENERSON. Hasn't there been a reduction in the interest you would have to pay on the loan?

Mr. STEWART. No; there has been no sign of that.

Mr. STEENERSON. Well, perhaps I may be mistaken, but the papers say the banks have reduced their interest.

Mr. STEWART. This is not a thing that has to be handled in banks. This is a thing to be handled by investment bankers, and is a thing to be sold to the public and has to be made attractive.

The CHAIRMAN. I think that is all. Mr. Goode is here?

Mr. STEWART. May I say that Mr. Terry is here, of Terry & Trench, if you want any testimony regarding the practicability of this work.

The CHAIRMAN. Mr. Goode, we will hear from you now.

**STATEMENT OF MR. FENIMORE C. GOODE, REPRESENTING
THE REAL ESTATE FIRM OF BRETT & GOODE.**

Mr. GOODE. Mr. Chairman and gentlemen of the commission, I represent here in this transaction Mr. Henry Noble, a real estate operator and dealer. We have been engaged over a year with the Pennsylvania Railroad negotiating for the purchase of this building and the improvement of it, to be rented to the Post Office Department. We have made three or four specific proposals to the Pennsylvania Railroad for the purchase of the real estate, the last one being at the figure quoted to us at a meeting by Mr. Hume of \$2,250,000. The completed proposition would be rented to the Post Office Department for 20 years at \$2 per square foot. There would be an option given to the Post Office Department to purchase the property at any time at its actual cost.

The CHAIRMAN. You have not submitted any proposition to the Post Office Department direct.

Mr. GOODE. I have submitted it to the Post Office Department through Mr. Norris. I have been in constant touch with Mr. Norris for two years. I never have been able to get a specific reply from the Pennsylvania Railroad other than this one under date of April 8.

I have your letter of the 7th with reference to the post-office matter. The only definite reply I can give you would be to refuse the offer made for the property. The situation is that in response to an inquiry from the Post Office Department we have advised them directly concerning the plans under which the building can be operated. So long as the Government itself is considering such a subject we do not feel at liberty to enter into negotiations with private parties.

The CHAIRMAN. I assume your company is a responsible company?

Mr. GOODE. Yes; we have consulted with Gibbs & Hill as to the plans for the improvement, and have secured their approval.

The CHAIRMAN. Where did you get your plans?

Mr. GOODE. They were prepared by Mr. John Sloan, an architect, who is here to-day.

The CHAIRMAN. Where did he get his information?

Mr. GOODE. From the Post Office Department direct, from Gibbs & Hill, the railroad engineers, and from the Fuller Co., whom we would retain to do the subsurface work.

The CHAIRMAN. Have you made a statement to the Government as to what your rental for that property would be?

Mr. GOODE. Yes; \$2 per foot.

Senator McKELLAR. How many feet were estimated?

Mr. GOODE. Five hundred and twenty thousand feet.

Senator MOSES. That is based on your being able to buy it from the railroad at two and a quarter million dollars?

Mr. GOODE. Yes.

Mr. STEENERSON. In these proposals to the railroad company you have made them on the theory that it would be used by the Postal Service?

Mr. GOODE. Purely as a postal building, with no commercial elements.

Mr. STEENERSON. Mr. Bradley said that they had had propositions from commercial people.

Mr. GOODE. Well, that is private capital for such an improvement.

Mr. STEENERSON. That would not include your proposition?

Mr. GOODE. Yes; that would include our proposition.

Mr. STEENERSON. I understood your proposition to include only a building for postal service.

Mr. GOODE. Yes; that is right.

Senator MOSES. What type of building do you propose to erect—a loft building?

Mr. GOODE. A plain loft building, built as economically as possible.

Senator McKELLAR. What did you estimate it would cost.

Mr. GOODE. Thirty cents a cubic foot.

Senator McKELLAR. And how many cubic feet?

Mr. GOODE. Ten million three hundred and thirty thousand cubic feet.

Senator McKELLAR. At 30 cents?

Mr. GOODE. Is \$3,096,000.

The CHAIRMAN. Are there any further questions to ask of this witness?

Mr. STEENERSON. That would be a total investment of—

Mr. GOODE. \$8,500,000.

Mr. STEENERSON. \$3,000,000 for the building and \$2,250,000 for the land.

Mr. GOODE. Subtracting \$1,750,000 that is put in the steel work and to carry the structure up to the plane at which the property begins, the railroad company retaining everything below that for its trackage. To the land cost you must add that footing and sub-surface work.

Senator McKELLAR. \$7,416,000 is what I make it.

Mr. GOODE. Building, \$3,096,000; carrying charges during construction—that is, interest on the land, taxes, \$500,000; equipment for the post office—that is, the machinery, conveyors, and that sort of thing, estimated at \$500,000; land cost, \$2,250,000; the cost of putting in the footings and the substructure, approximately \$1,750,000; various fees, architects, engineers, etc., \$250,000. That gives you your total of approximately \$8,500,000.

Senator McKELLAR. \$8,250,000.

Mr. GOODE. Now, the revenue is based on the going rate of money for such purposes at 8 per cent, an estimated tax rate over the period, and insurance on the building at \$3; 1 per cent to amortize and margin of profit.

The CHAIRMAN. When did you make that proposition?

Mr. GOODE. That was verified last night. They had it before them last night.

The CHAIRMAN. So that the cost of labor and material would not make any difference with your proposition now?

Mr. GOODE. There is a possibility of reducing it somewhat.

Senator McKELLAR. You want a million and forty thousand dollars rent for it?

Mr. GOODE. Or a reduction in the rental if the figures as stated can be reduced. Furthermore, there is an option to the Government to purchase this at any time at these established figures.

Senator McKELLAR. Where would your profit come in, if you sold it to the Government at cost?

Mr. GOODE. Then in the construction contract.

Mr. STEENERSON. If the Government bought it, it would save taxes.

Mr. GOODE. This is merely an expedient to have the Government have this building erected for the Government without any cash outlay at the present time.

Senator McKELLAR. What did the present building cost?

Mr. GOODE. I haven't that information. I think the Fuller Co. could tell you that. Their vice president is here.

Mr. STEENERSON. These figures that you have submitted, do they involve the taxes for more than one year?

Mr. GOODE. During the time of construction, which would run anywhere from 12 to 18 months, depending on how much the work was delayed by the train movement.

The CHAIRMAN. How long do you estimate it would take your firm to construct this building after the contract was made?

Mr. GOODE. I can refer you to the architect as to those questions, and to the vice president of the Fuller Co. as to the subsurface work. As I say, between 12 and 18 months.

The CHAIRMAN. Now, are you prepared to come in on competitive bids on this contract?

Mr. GOODE. We are willing to meet a competitive proposition for the entire thing; yes.

The CHAIRMAN. I think that is all.

Now we have before us here, as you know, gentlemen, the question of a tunnel connecting the Grand Central with the Pennsylvania Station. We have had some testimony on that at different times. The representative of the Tunnel Transit Corporation, Mr. Sutton, is here, and wishes to submit his matter in writing.

STATEMENT OF MR. E. R. SUTTON, REPRESENTING THE TUNNEL TRANSIT CORPORATION.

The CHAIRMAN. Now, Mr. Sutton, tell us very briefly what you represent and what you are interested in here now.

Mr. SUTTON. I represent a group of gentlemen here who are willing to build this tunnel as a private corporation and to offer to carry the mails at no more than the present cost. That, in substance, is the proposition we wish to make, provided the Government will give the company on that basis or whatever basis is agreed upon a contract of sufficient length to take care of it.

The CHAIRMAN. You mean you want that contract before you construct the tunnel?

Mr. SUTTON. No; it would not be necessary to have the contract before we construct the tunnel, but there should be some arrangement that would take care of the handling of the mails through the tunnel if it were constructed.

The CHAIRMAN. Now what are the termini of your tunnel?

Mr. SUTTON. The plans as drawn provide for one of the terminals to take care of the express business at Lexington Avenue and Fifty-sixth Street, coming down Lexington into the Grand Central post office, then on down Lexington over to Eighth Avenue and swinging around the post office to the south side opposite the present express company building, perhaps entering there by arrangement with the Pennsylvania Co. into the baggage room of the Pennsylvania Station.

The CHAIRMAN. Across the street here?

Mr. SUTTON. Yes. I have a map that shows the route.

Senator McKELLAR. What size tunnel do you propose?

Mr. SUTTON. We would propose a rather large tunnel, larger than has heretofore been proposed, but under standard gauge—large enough to handle all the express business beside the mail.

Senator McKELLAR. You say "rather large." That is very indefinite. What is the size, so that we can form some idea of what is running through your mind.

Mr. SUTTON. The size that has been recommended, for example, by one firm of engineers, is 12 feet wide by 8 feet high. A tunnel considerably larger, about 20 feet wide by 8 feet high is urged very strongly by another firm of engineers, and I think that is what would ultimately be constructed.

Mr. STEENERSON. Would it be large enough to take ordinary freight cars through?

Mr. SUTTON. No.

Senator McKELLAR. How large would it have to be to take an ordinary freight car or mail car?

Mr. SUTTON. The tunnel would be large enough if it were operated as a single track, but we have only figured on having a tunnel to take care of 3-foot gauge, double track. The cars are about 12 to 14 feet long and 4 feet high, so that at the terminals you can draw off these trucks on their own wheels and push them without rehandling the mail.

Senator McKELLAR. What would be the cost of it?

Mr. SUTTON. The largest size would be about three and a half millions.

The CHAIRMAN. You say you have made arrangements for the construction of such a tunnel already?

Mr. SUTTON. Yes, sir.

The CHAIRMAN. Have you the franchise?

Mr. SUTTON. We haven't the franchise. The whole thing is conditional on getting the franchise, the application for which is under consideration now.

The CHAIRMAN. What do you propose to use that tunnel for except the mail?

Mr. SUTTON. Express and baggage and general stuff that passes through that station. There is enough of that stuff to make it possible, and make it pay us.

The CHAIRMAN. So that it would be a sort of railroad adjunct?

Mr. SUTTON. Well, it is not a matter that the railroad, as such, would be interested in.

The CHAIRMAN. They are the ones who would be interested in you carrying their stuff, are they not?

Mr. SUTTON. Well, the express companies especially are interested.

The CHAIRMAN. How long do you calculate it is going to take you to construct such a tunnel?

Mr. SUTTON. Well, from the time the contractors would be ready to begin work, it would take probably a year or a year and a half.

The CHAIRMAN. When do you expect to begin?

Mr. SUTTON. As soon as we can get the franchise.

The CHAIRMAN. And you are working on that now?

Mr. SUTTON. Yes, sir.

The CHAIRMAN. As I understnad it, you propose to construct this tunnel, whether you get a contract for carrying the mail or not?

Mr. SUTTON. I think so.

The CHAIRMAN. Now, you said a little while ago you would carry it, the mail, at no greater cost than is being already incurred by the Post Office Department. Do you know what that cost is now?

Mr. SUTTON. Approximately; yes, sir.

The CHAIRMAN. What is it?

Mr. SUTTON. It is costing the Government now to handle the mail between those two stations alone \$347,919 a year without counting the cost of the space that is required to load and unload those trucks, and that is costing the Government about \$40,000 a year, so the total cost to the Government now to handle the mail between those stations approximates \$387,919 a year, and that does not include all the cost, but is only the big item.

The CHAIRMAN. Well, you would expect to get all these extra costs in your charge?

Mr. SUTTON. We would be satisfied with the items we have figured, and probably could make a considerably less cost, but in making this more or less quick proposition covering some of the points you heard this morning I have been obliged to say that we would handle it for no less than the present cost, although on the basis of the contract it would be figured closer than that. We would give better service than could be had on the surface.

Senator McKELLAR. Approximately what would be the cost of such service for two standard-gauge tracks?

Mr. SUTTON. I don't know, Senator McKellar.

Senator McKELLAR. You never figured it?

Mr. SUTTON. Never figured on it; no, sir.

Senator McKELLAR. Certainly, if you could transfer a regular mail car from one track to another it would expedite and cheapen the cost very much of handling the mail.

Mr. SUTTON. If that could be done, it would do all you say, but there are many physical difficulties in the way of doing that.

Senator McKELLAR. What are they?

Mr. SUTTON. The underground difficulty of making a connection on the same track level. That involves a difficulty which I am informed by the engineers is very difficult to overcome.

Mr. STEENERSON. Do you base this charge on the number of tons moved?

Mr. SUTTON. We based these figures on the actual cost under present conditions of handling the sacks and pouches.

Mr. STEENERSON. Haven't you estimated the tonnage?

Mr. SUTTON. I can give you the tonnage. It can be reduced to tonnage, but since we brought this to your attention we have not figured on a tonnage basis, because we are advised by the post-office authorities it is a very difficult matter to get the mail on to a tonnage basis. They do not handle their figures that way now. It would involve a large tonnage.

Mr. STEENERSON. No; but it would give us an idea of the cost.

Mr. SUTTON. The present cost for handling the mail now between the two mail stations is \$2.72 per ton. That is, averaging mail and express.

Mr. STEENERSON. How much per ton?

Mr. SUTTON. \$2.72 per ton.

Mr. STEENERSON. And the distance is how much?

Mr. SUTTON. A mile and one-eighth—a mile and eight-tenths.

Mr. STEENERSON. And it costs \$2—

Mr. SUTTON. And 72 cents a ton. That is the average cost of mail and express. Whether the mail runs above or under that I do not know; but that is the average of the two.

Mr. STEENERSON. Well, that is about a hundred times more than it costs to move mail ordinarily on a railroad.

Mr. SUTTON. It may be; but that is what it costs to move mail here now.

Mr. STEENERSON. By motor truck?

Mr. SUTTON. Yes.

Senator McKELLAR. Unless you can have the same gauge track; unless you can have all the tracks connect, I think it would cost the Government more than it would on the present system.

Mr. SUTTON. More by tunnel?

Senator McKELLAR. Oh, yes; if you are going to have a tunnel with a narrow-gauge road emptying out at each station, I do not think there would be any saving.

Mr. SUTTON. Well, we will guarantee to handle it so that it won't cost the Government any more than that.

Senator McKELLAR. A guarantee is a very different question.

Mr. STEENERSON. What power do you propose to use?

Mr. SUTTON. Electricity.

Mr. STEENERSON. Those cars are to be sent through these tunnels without any conductors—automatic cars?

Mr. SUTTON. There are several available systems for handling it, but the particular equipment has not been selected. I imagine that is the best method.

Mr. STEENERSON. Well, the plan that you submitted to the House Post Office Committee involved the movement of these cars, these mail cars, through the tunnel without any operator.

Mr. SUTTON. Yes, sir.

Mr. STEENERSON. And you think that is going to be the plan you will use?

Mr. SUTTON. I think that is the best plan.

The CHAIRMAN. Just read the proposition you have to present, Mr. Sutton, and we will go on.

Mr. SUTTON. The proposition is addressed to the chairman of the commission, and is as follows:

PROPOSED TUNNEL TRANSIT CORPORATION,
47 WEST THIRTY-FOURTH STREET,
New York, June 17, 1921.

Hon. CHARLES E. TOWNSEND,
*Chairman Congressional Joint Commission of Postal Service,
Pennsylvania Hotel, New York.*

MY DEAR SENATOR: I have been authorized and instructed by a group of responsible gentlemen who have taken steps to construct a tunnel between the Grand Central and Pennsylvania Terminals, with a proposed extension to the lower Manhattan district, to submit to you and to the members of your commission:

That we will construct this tunnel with private means and transport the mails between the terminals at a cost which shall not exceed the cost by existing methods, under responsible guaranties affording greater certainty, celerity, and security than is obtainable by present methods.

That the capacity of the tunnel shall be ample to take care of the traffic for more than 20 years.

The practicability of this tunnel, both financially and from an engineering standpoint, including terminals and route, has been determined to the extent that we are willing to enter into a contract with the Government for the construction and operation of this tunnel as a private proposition without any investment on the part of the Government.

I attach hereto a photostatic print showing the route that appears most practicable from a construction and traffic standpoint.

The plans would provide the post office with about 10,000 square feet of additional loading platform space at both the Grand Central and Pennsylvania post offices and relieve the congestion of the present loading platforms of about 50 per cent. The tunnel would also relieve the present mail congestion at both terminals by reason of the more rapid removal of the mail and minimize the amount of breakage and losses in transit. Besides relieving traffic conditions on the streets by the elimination of the mail trucks, it would provide means whereby the mails would escape the traffic congestion altogether.

I should be pleased to answer any questions that any of the members wish to ask.

Respectfully,

E. R. SUTTON.

Mr. STEENERSON. What speed do you expect to make?

Mr. SUTTON. Twenty-five miles per hour.

The CHAIRMAN. That letter is signed by you?

Mr. SUTTON. Yes, sir.

The CHAIRMAN. Representing this company?

Mr. SUTTON. Yes, sir.

Mr. STEENERSON. Do you recall, Mr. Koons, how much the present cost was figured at?

Mr. KOONS. I think it would be a cent. This would be 27 times as expensive as the railroad proposition.

Mr. STEENERSON. How much more expensive than the present truck transportation?

Mr. KOONS. He said he would be willing to do it for the same cost. I do not have the cost by the truck per mile.

Mr. STEENERSON. Have you any figures showing the cost by the truck per mile?

Mr. KOONS. We do not have it, but we could get it up.

Mr. STEENERSON. Do you think it is as high?

Mr. KOONS. I don't think it is.

Mr. STEWART. About \$150,000—

Mr. STEENERSON. One hundred and fifty thousand what?

Mr. STEWART. Dollars.

Mr. SUTTON. The present cost on the mileage basis between the two stations is approximately 92 cents per mile.

Mr. STEENERSON. Per ton?

Mr. SUTTON. Per mile, per trip of the truck. They are the 3-ton trucks that operate between the stations.

The CHAIRMAN. Is Mr. Coffin here?

(No response.)

STATEMENT OF MR. J. G. WALSH, ON BEHALF OF THE CLOAK AND SUIT MANUFACTURERS' PROTECTIVE ASSOCIATION.

The CHAIRMAN. What is your business?

Mr. WALSH. I represent the Cloak and Suit Manufacturers' Protective Association, and the Garment Center Capital. There are three organizations that control the Garment Association in New York.

The CHAIRMAN. How do they control it?

Mr. WALSH. In this way: That all manufacturers of garments in New York belong to these associations, and I thought it would be nice for you gentlemen to know that we at present have and are building from Thirty-fifth Street and Seventh Avenue to Thirty-eighth Street and Seventh Avenue a hundred million dollar building program. That is to house our industry which has been located all over New York City; on the east side, part of it, and the west side. We are building these buildings so that we will have all our industry in one center of New York City.

The CHAIRMAN. What is the object of your association?

Mr. WALSH. It is an association which is made up of manufacturers of cloaks and suits—it is called a protective association. It is made up of those manufacturers that handle the credit department, which operates the credit for the retail stores. For buying in the market it operates a merchandise department, which transfers from one member to another tricotine or tricolette, or some staple woolen which one member has on hand and another member needs. It operates a traffic division in connection with its shipping throughout the country. It operates a purchasing department which purchases all supplies and materials used in our factory.

The CHAIRMAN. A separate corporation?

Mr. WALSH. Yes.

The CHAIRMAN. Do you sell at the same prices?

Mr. WALSH. No, sir.

The CHAIRMAN. Now, one concern buys a certain class of goods such as they all need—

Mr. WALSH. For instance, in our factories we use considerable needles, pins, taping, buttons, linings—these are purchased through the purchasing department and then distributed to the members by the manufacturer or jobber from whom the article is purchased.

The CHAIRMAN. You all pay the same price?

Mr. WALSH. Yes, sir. My idea in appearing before you gentlemen was to state that the board of aldermen of New York City have given us permission to house our industry between Thirty-fifth Street and Seventh Avenue; Thirty-eighth Street and Seventh Avenue, west to the river. We have just completed two buildings which you can see from here, a \$17,000,000 enterprise, which you can see from this wing, of 17 and 24 stories, which is to house 27 of our factories. In locating a site for a post office I just want to call your attention to the fact that we are possibly one of the largest shippers through the parcel post. We ship hundreds of thousands of parcel-post packages throughout the year. I believe that we are looking toward the future. Five years from now when we have our industry housed in this part of the city, when your present Pennsylvania terminal will not be capable of handling the parcel-post shipping which is now passing through the various stations in New York City, it means there will be congestion; it means that naturally our industry, being within four or five blocks, on Seventh Avenue, and back to the river, that we are going to use the Pennsylvania system to do our shipping. It means there will be hundreds of our trucks backed up there throughout the day trying to get rid of packages. As I said, we are considered the largest industry operating in New York City.

The CHAIRMAN. Well, do you mean that the Pennsylvania post office and the proposed addition would not be sufficient to meet the conditions of the parcel-post business as you see it in five years?

Mr. WALSH. I am afraid not.

The CHAIRMAN. How rapidly has your parcel post increased?

Mr. WALSH. I might say it has increased since parcel post came in as a competitor of the express company—I would say, from the first year of its operation to the present day, possibly 18 to 20 per cent.

The CHAIRMAN. In what time?

Mr. WALSH. From its inception as a parcel post to the present day.

The CHAIRMAN. How many years ago? You started at the beginning of the service?

Mr. WALSH. Yes, sir.

The CHAIRMAN. You have increased about 20 per cent in eight years?

Mr. WALSH. Yes, sir; in the shipping of parcel post.

The CHAIRMAN. Now, I am interested in another proposition that you put out here. I don't know that it is particularly pertinent—

Mr. WALSH. Yes, sir.

The CHAIRMAN. Your association is putting in this \$17,000,000 improvement—

Mr. WALSH. Yes, sir.

The CHAIRMAN. You are building it as an association?

Mr. WALSH. We build it as the Garment Center Capital Realty Co. made up of members of the association forming a stock corporation.

The CHAIRMAN. The different corporations contribute; it is a stock investment?

Mr. WALSH. Yes, sir.

The CHAIRMAN. And they get a benefit according to their stock holding?

Mr. WALSH. Yes, sir.

The CHAIRMAN. There is nothing done in there to fix the selling price?

Mr. WALSH. No, sir.

The CHAIRMAN. Do you know whether it is a fact or not that you all sell for the same price?

Mr. WALSH. You mean the garments?

The CHAIRMAN. Similar garments.

Mr. WALSH. You mean sell to the retailer for the same price?

The CHAIRMAN. Yes, sir.

Mr. WALSH. That could not be; they are different grades.

The CHAIRMAN. You are wholesalers, aren't you?

Mr. WALSH. We sell to the retailers; to the stores. Our garments are put on the market to the buyers who come into our show room to buy for the retailers direct throughout the country.

The CHAIRMAN. And these buyers do not necessarily pay the same price for the same goods?

Mr. WALSH. I do not understand what you mean.

The CHAIRMAN. You are different corporations that sell these goods?

Mr. WALSH. Yes, sir.

The CHAIRMAN. They do not sell at the same price to their customers, the retailers?

Mr. WALSH. They could not. Each grade of each article that each individual dealer sells is different, and different in style. We are not putting on the market for the retailer a suit for \$16.50 made of tricotine and trimmed with silk, and everybody selling the same thing. We have suits that sell for as much as \$175 and \$250 that are made by some of our manufacturers.

The CHAIRMAN. So that your stockholders sell different classes of goods?

Mr. WALSH. Oh, yes.

The CHAIRMAN. No two of them sell the same class of goods?

Mr. WALSH. Oh, yes; some of them do. There are 600 manufacturers.

The CHAIRMAN. But not the same design?

Mr. WALSH. Not the same design, and it is because of that that we were naturally interested in the matter of selecting a site for the new post office. Doing the volume of shipping that we do, we do not want to have our trucks congesting street traffic in one center of the town, and then going over to another, so that I figured if it would be of any interest, which I believe you gentlemen are sitting for the interest of the commercial organizations, if it would be of any interest to you to hear of this proposition, I want to state that I believe this central locality for all the business interests of the city, if it could be added on to the present site, the post office, I mean, or somewhere near the present site, or even along the water front, as the commissioner of docks stated this morning, say, Thirty-seventh Street, Thirty-eighth Street, where we have the Pennsylvania road, the West Shore, the New York Central, or over toward the river, I believe it would lessen traffic congestion.

The CHAIRMAN. Have you any particular site in mind?

Mr. WALSH. I have not, but I know there are a considerable number of warehouses vacant along that district that could possibly be secured, or possibly have someone build on it and it could handle all the business of the garment center and other shippers around the district.

The CHAIRMAN. You wouldn't like to go over to Sunnyside?

Mr. WALSH. You heard the commissioner of docks say this morning what he thought of that. I don't want to dwell on the Sunnyside docks. Everyone hates that proposition. You heard the commissioner say, and I agree with him in this; we have four bridges. Those bridges are now taxed to capacity. If we send our trucks over those bridges, I am afraid, as Inspector O'Brien said, the traffic cops would have a lot of summons to hand out.

I don't want to knock Sunnyside, but I believe it would be an added expense to our industry to try to send goods to Sunnyside.

Mr. BELL. You say you are large users of the parcels post?

Mr. WALSH. Yes, sir.

Mr. BELL. Has that service been satisfactory?

Mr. WALSH. No, sir.

Mr. BELL. Why not?

Mr. WALSH. I do not want to go into the service for this reason: Parcel post being delivered to-day to our various factories and manufacturers is delivered the same as first-class mail is in our passenger elevators. We have no objection to that, but the parcel-post man comes in and as you come into one of our factories, the

show rooms, we always have an information desk with a telephone operator. Naturally, the parcels-post man goes up in the elevator. He has five or six or seven parcels for one of our concerns, and he naturally throws them out by the telephone operator, and we have people coming in and out of our show rooms all day, salesmen or buyers—I don't want to throw any reflection of thievery upon anyone, but passing in and out of those elevators there are practically 500 people a day.

Those packages are picked up and brought back to our receiving department, and when five have been delivered by the postman, there may be three, or two, or one. The little telephone girl can not look after all those packages, for the simple reason that she is caged around. She is busy on the phone. Someone wants to see Mr. So-and-So, or Mr. So-and-So's private office must be attended to. There is where I believe you are wrong in making your deliveries. In our factory we have receiving rooms where they could be delivered. If the parcel post would be delivered in these receiving rooms—and I want to say that our packages are very expensive, some of them, that come parcel post—if those packages are just brought in to our receiving clerk by the postman, we are absolutely willing to give them in our building an elevator. We would be willing to put an elevator at the disposal of the parcel-post men and the mail men from 9 o'clock until noon, and if these parcel-post packages were delivered in the receiving room and the receiving men were given them to take care of, you wouldn't get an affidavit several weeks afterwards from a consignee who has paid so much money to the effect that some of the goods he paid for have not been received. I have been to the postmaster of New York City and asked—I have begged him to try and have parcel post delivered to the receiving room. I told him he was perfectly welcome to use the passenger elevator if he would walk through our stock rooms and deliver them to the receiving rooms. We know they are safe there; there are receiving men there. He sent three or four of his inspectors who went around the territory with me, but nothing was accomplished. If you wish, I could take you into some of our factories.

Senator McKELLAR. What percentage of your business is done by parcel post and what by express?

Mr. WALSH. About 18 or 20 per cent.

Senator McKELLAR. If it is unsatisfactory, why don't you do it all the other way, by express?

Mr. WALSH. For the simple reason that we take a sample garment that is going out—you asked me a question—you say, why don't I? For this reason; I love competition. Not making a short answer, I like to ship some things by parcel post. We could just as well ship it all by express.

Senator McKELLAR. Then you don't think you need parcel post?

Mr. WALSH. Yes, sir; that is why I say to you now, that if the parcel post service delivery was improved, it would jump considerably.

Senator McKELLAR. That is the cheaper?

Mr. WALSH. There are some points where parcel post is cheaper and some points express.

Senator McKELLAR. I suppose you use that which is cheaper, the parcel post or the express?

Mr. WALSH. No sir.

Senator McKELLAR. How do you work it?

Mr. WALSH. I will tell you how we work it. We ship in the garment industry a 40-pound package. When a man buys 100 or 200 suits, it is put up in so many packages, put in paper-board packages and weighed up to the Interstate Commerce Commission ruling of 40 pounds. We have a considerable number of samples going out, and where a man orders one suit of such a style or two suits, if that is going out to San Francisco and weighs only 5 or 6 pounds, we send it express or parcel post. A lot of the points we do send to—California or the Western States or the Southeastern States—it is higher on that package than it would be if we shipped it by express.

Mr. BELL. How do your losses compare as between parcel post and express?

Mr. WALSH. Comparing the shipping of both, the losses by parcel post are very much higher.

Mr. BELL. How much?

Mr. WALSH. I couldn't just tell you until I went over the figures.

Mr. STEENERSON. Do you insure your packages with insurance companies, or do you insure them with the Government?

Mr. WALSH. Both; \$100 with the post office and the balance by insurance companies.

Mr. BELL. Have you sent by express—

Mr. WALSH (interposing). We insure by the express, also.

Mr. STEENERSON. What is the difference between the insurance company's rates and the Government rates?

Mr. WALSH. You only insure to \$100. Sometimes we have to carry the balance.

Mr. STEENERSON. Is the rate the same on \$100 with the insurance companies and \$100 with the Government?

Mr. WALSH. I don't think so.

Mr. STEENERSON. Do you know which is the higher?

Mr. WALSH. I think the insurance companies.

Senator McKELLAR. Can you give us the exact figures as to what is sent by parcel post and what by express?

Mr. WALSH. You mean the number of pieces?

Senator McKELLAR. No; the amount, in pounds.

Mr. WALSH. No; I can't give you that. The idea is, everything we ship is in dollars.

Senator McKELLAR. Well, can you give us the number of pieces?

Mr. WALSH. I can give you an idea of it.

Senator McKELLAR. I wish you would get that and put it in the testimony.

Mr. WALSH. Now?

Senator McKELLAR. No; later on.

Mr. WALSH. In closing, I would like to say we are very much interested in parcel-post shipments as an industry, because we feel it is necessary, not because it is operated by the Government, but we feel the same as every other commercial organization feels; we like competition, and we like to send merchandise not by one route all the time, but sometimes have a change.

Mr. STEENERSON. You like competition; is there any competition between the members of your organization? [Laughter.]

Mr. WALSH. Yes, sir.

Mr. STEENERSON. Will one merchant sell to a retailer the same article at a different price than another; will he underbid him?

Mr. WALSH. No, sir.

Mr. STEENERSON. Well, that isn't competition.

Mr. WALSH. Competition is where he goes out to get one man who buys of another man to come over to him, but not cheaper.

Mr. STEENERSON. That is competition; but not in the price.

Senator McKELLAR. The price is the same?

Mr. WALSH. That is where we have to go out to get the business.

Mr. STEENERSON. That is one of the main objects of the association, isn't it, to prevent price cutting?

Mr. WALSH. Protection; yes, sir.

Mr. BELL. If you were shipping a package to California, would you ship it by express or parcel post?

Mr. WALSH. It would depend on the weight. If I were shipping a 5-pound package or issuing instructions to ship a 5-pound package, I would issue instructions to send it by parcel post in certain zones, of a certain weight. If it was 5 pounds to California, I would say, "Yes; we would ship by parcel post," but if it was 35 or 40 pounds, bearing a value of \$3,000 or \$4,000, why, I would have to insure it with the express company. We get a receipt from the express company, which we do not from the parcel post, and we get a receipt for it on delivery.

The CHAIRMAN. I think that is all for you, Mr. Walsh.

STATEMENT OF MR. S. G. ROSENBAUM, PRESIDENT OF THE NATIONAL CLOAK & SUIT CO.

The CHAIRMAN. Will you let us know whom you represent, Mr. Rosenbaum?

Mr. ROSENBAUM. I am president of the National Cloak & Suit Co.

Senator McKELLAR. I didn't hear that.

Mr. ROSENBAUM. President of the National Cloak & Suit Co., a mail-order house.

The CHAIRMAN. Where are you located?

Mr. ROSENBAUM. Seventh Avenue, Twenty-fourth and Twenty-fifth Streets, New York City, and in Kansas City, Mo. We are one of the largest patrons of the United States Post Office. We paid the Post Office Department a little over \$2,000,000 in postage—over \$900,000 of that was paid to the New York post office.

I would like to preface my remarks by saying that in an experience of 33 years we have always found the people connected with the Post Office Department to be loyal, hard-working, and sincere. I wish it were in the province of this commission to consider an increase of pay for them. If you had to raise the rates of postage to do it, our company would be in favor of that. They are mighty good people, and I have known them from the postmaster down, and have found them to be mighty good people.

Senator McKELLAR. Mr. Rosenbaum, won't you tell us what you use, as a mail order house, as between parcel post and express; what amount of your parcels are sent parcel post and what express?

Mr. ROSENBAUM. Almost all of our business goes parcel post, although a great deal will go part of the way by express and then by parcel post.

Senator McKELLAR. Have you had losses?

Mr. ROSENBAUM. I can tell you exactly what percentage our losses were.

Senator McKELLAR. The preceding gentleman did not seem to think the parcel post was of much value, except psychologically.

Mr. ROSENBAUM. I am afraid he didn't know just what he was talking about. I was going to speak about the Sunnyside yard. I want to say a few words first about the location of the proposed parcel post office.

Senator McKELLAR. You want it at Sunnyside, as I understand?

Mr. ROSENBAUM. Not exactly. Gentlemen, the Post Office Department has nothing to sell but service, and the Post Office Department wants to give the greatest possible service to the business community. Now, you are sitting within three or four hundred yards of the center of the business community of this city. I should say that Thirty-fourth and Broadway was just about the center. Why should you want to truck the parcel post matter $4\frac{1}{2}$ miles to the Sunnyside yard when we have a location near the general post office that is within seven or eight hundred yards of that center of business?

That is what I want to say about the Sunnyside yard proposition. Commissioner Hulbert said we had four bridges and that they were congested, but I think he forgot to tell you that only one of these bridges would be available for the use of the Sunnyside yard. Ninety per cent of the parcels going from here would pass over the Queensboro bridge, and that is carrying about all it can. I don't think it is worth while arguing with you gentlemen about the ferry. I think it is needless for me to say much about that. You can not carry parcel post by means of the ferry to Sunnyside yard.

It seems to me the proper location is right here in this section. I should say the location back of the general post office is best. I would not favor having that put up by private enterprise and having the Government lease it. You have heard here to-day they want to charge you about a million dollars a year. Gentlemen, a million dollars a year is 5 per cent on \$20,000,000. I heard one gentleman say they proposed to put up a building at 30 cents a cubic foot. Thirty cents a cubic foot would never build the kind of building the Government would want for a post office. I think the cheapest kind of a loft building would cost more than 30 cents a cubic foot. I had occasion to look into building costs about a year ago, and they told me it was a dollar.

It seems to me the thing for the Government to do would be to put up its own building. Then they would have the building there for many years to come.

There is one thing, gentlemen, you must remember when you speak of the cost of land. I admit the cost of land on Manhattan Island is very high, but the building is going to cost the same, no matter where you locate it, and while you are building it would seem to me best to put it in the best possible location. After all, as I have said, the Post Office Department sells service, and if it is going to sell service, the terminal ought to be in the best possible location to give that service to the community.

The CHAIRMAN. Did it ever occur to you that it may be desirable to do here what we do in the smaller communities in the western

cities; have the business communities purchase a site and give it to the Government?

Mr. ROSENBAUM. No, sir; that has never occurred to us. It is pretty hard to say what is the business community in a big community like this.

The CHAIRMAN. Well, you have been talking about the center of activities on Manhattan.

Mr. ROSENBAUM. I know that in small towns, where a site costs only a few thousand dollars, that has been customary. I don't think that would be possible in New York City.

The CHAIRMAN. It would cost quite as much for the men who put it up in those smaller communities as it would cost the business men of New York.

Mr. ROSENBAUM. I suppose it would, and if that sort of a movement was started we would be glad to contribute our share.

Senator McKELLAR. That is patriotic enough. I wanted to ask you what your losses were on parcel post. I hope the other gentleman will also give us his figures. The express companies some years ago seemed to think parcel post would interfere with their business.

Mr. ROSENBAUM. It does.

Senator McKELLAR. Judging from his statement—

Mr. ROSENBAUM. I don't think he was well posted. I don't know the gentleman, and I don't think he knew what he was talking about. He made a number of statements that were incorrect. I don't think he intentionally misled you, but I don't think he knew what he was talking about.

I want to preface my answer as to losses with this statement; we ship a great deal of our matter partly by express and partly by parcel post. Suppose we were sending 150 packages to Tennessee. We have a distributing point at Knoxville. We would ship those packages by express in a large container to Knoxville and there they would be taken out and put into the local post office and mailed within a radius of 100 and 150 miles of Knoxville, and when I tell you what our losses were I can not tell you whether they were in the hands of the express company or in the hands of the parcel post. Our losses during 1918 were 0.54 per cent. That is a little over one-half of 1 per cent.

Senator McKELLAR. That includes both express and parcel post. Now, as to the division?

Mr. ROSENBAUM. I said I couldn't tell that, because the parcel may be abstracted when in the hands of the express company, but I am inclined to think most of it was in the mail. For the year 1919 it was less than that. It was 0.36 per cent, and for the year 1920 it was 0.39 per cent.

Senator McKELLAR. Have you the previous loss before you had parcel post?

Mr. ROSENBAUM. No sir.

Senator McKELLAR. You don't know what your losses were then?

Mr. ROSENBAUM. I could get that probably.

Senator McKELLAR. I wish you would and put it in the record.

Mr. ROSENBAUM. You see that was not our loss. The express company had to make good, so I am not absolutely sure there is a record of that.

Mr. STEENERSON. I was very much interested in your statement about the salaries of postal employees, and the alternative of raising postage. I have on the calendar of the House a bill which raises the salaries of quite a large number of postal employees, and I have had difficulty in getting it considered, because the leaders point out that there is a very large postal deficit at this time, and that before we incur any more expense, we ought to derive more revenue. Where would you suggest would be the place to get more revenue?

Mr. ROSENBAUM. I think there might be a possibility of raising the parcel-post rate slightly without doing any harm to anyone.

Mr. STEENERSON. The long distance or the short distance?

Mr. ROSENBAUM. Both, although I think the long-distance rates now are pretty high.

Mr. STEENERSON. I thought so; they are relatively higher than the short-distance rates?

Mr. ROSENBAUM. Yes, sir.

Mr. STEENERSON. And that is the reason you take advantage of the express company to ship to distributing points and mail them under the low local rate?

Mr. ROSENBAUM. Yes, sir. I think that the short-distance rates may be increased slightly without doing anyone any harm.

Mr. STEENERSON. And in view of the fact that there is a very large volume of that business, a small increase might help us out in paying these increased salaries?

Mr. ROSENBAUM. Yes, sir.

Mr. STEENERSON. I am very glad to hear you give that opinion.

Mr. ROSENBAUM. I think there is another way in which the mail revenue could be raised, and that is by an increase in the second-class matter.

Mr. STEENERSON. Well, that raises itself on the 2d of July; that goes up then.

Mr. ROSENBAUM. I think every class of mail ought to pay for what they get. I don't think the newspapers and magazines ought to be subsidized. I know the theory on which they are, but I do not think it holds good.

Mr. STEENERSON. What do you think of the proposition that the Government might put on a small insurance charge on all parcel post packages? Now, it is only about 5 or 10 per cent of the packages mailed are insured, and the suggestion has been made that the insurance be made compulsory, so that you charge them 3 or 5 cents, and insure them all. What do you think of that suggestion? It would bring in a lot of revenue.

Mr. ROSENBAUM. Yes, it would; and it would put a great administrative burden on the Government.

Mr. STEENERSON. Why?

Mr. ROSENBAUM. On account of the large number of claims; lost packages.

Mr. STEENERSON. Well, the insured package does not get any better attention than the uninsured.

Mr. ROSENBAUM. I know it doesn't; it is unfortunate it doesn't.

Mr. STEENERSON. The reason they give for that is that it costs more to give a waybill and trace the shipment than to pay the loss, but in view of the fact that the parcels that are now insured receive the same treatment and care as the uninsured, might it not be just as

well to make the charge? I don't see how it would increase the expenses.

Mr. ROSENBAUM. I would go at it the other way. I think the present insurance charge is low enough, but the insured package should have a little different handling. I don't think you should give a waybill or a receipt for it.

Mr. STEENERSON. What could you do?

Mr. ROSENBAUM. Place them in a separate bag, so that they are more safely handled.

Mr. STEENERSON. It seems to me that as the parcels post is conducted now, that a man looking for a valuable package to steal would take the insured package. The uninsured package is not so much exposed to loss as the insured.

Mr. ROSENBAUM. That is why I suggest giving a separate handling.

Mr. STEENERSON. Putting it in a separate pouch would be practical where there is enough pieces to fill it.

Mr. ROSENBAUM. On the other hand, if you are going to compel people to insure it, that is another way of raising the rate. You are not giving different service. I agree with you; let us raise the rate a little bit if it is necessary to give the employees a higher salary.

Mr. STEENERSON. Well, I am very glad to hear that, because I would like to treat the postal employees properly.

Mr. ROSENBAUM. There is one other suggestion I would like to make and that is in connection with the way in which packages are shipped. I am speaking now of parcel-post packages. I believe if some method could be devised by which they could be handled other than in bags it would be a decided advantage. I admit I haven't any suggestion to make.

Senator MOSES. Hampers of some sort?

Mr. ROSENBAUM. That would be expensive, but handling them in bags the way they are now handled, you can imagine what would happen to anything fragile in those bags.

Mr. STEENERSON. That would depend on the packing. If properly packed, it wouldn't hurt.

The CHAIRMAN. What has been your experience with breakage?

Mr. ROSENBAUM. We do not handle breakable goods.

Senator MOSES. Your boxes are frequently broken, are they not?

Mr. ROSENBAUM. Oh, yes.

Mr. STEENERSON. I should think if your goods are properly packed you would have little trouble.

Mr. ROSENBAUM. We have little trouble, and that is because of the way they are packed, but you take a man who ships from New York all over the country, I think he must have a great deal of trouble.

Senator McKELLAR. Let us see if I get you right; in the first place, you want the post office enlarged somewhere in the neighborhood of the Pennsylvania Station?

Mr. ROSENBAUM. I think so.

Senator McKELLAR. Then you are in favor of building up the parcel post?

Mr. ROSENBAUM. I think the parcel post is one of the best things this country has. We are for it. As well managed as it is I don't see how they do it the way they do. It was thrown on the department.

Senator McKELLAR. And you think the employees here are all right? You think they are good men?

Mr. ROSENBAUM. I do.

Senator McKELLAR. You are a good man.

Mr. STEENERSON. Don't you think it would be advisable for the Government to make more money by making the mail-order catalogues third class instead of shipping to distributing points?

Mr. ROSENBAUM. Well, I would answer that by saying that if the Government makes a profit on mail-order catalogues the way they are handled now, then they ought not to raise the rate on them. If they don't make a profit, then they ought to raise the rate.

Senator McKELLAR. You want it to carry itself?

Mr. ROSENBAUM. Yes, sir.

Mr. STEENERSON. You can not make a profit on the catalogues shipped through the first, second and third zone, because the rates are so low, can you?

Mr. ROSENBAUM. I think they do. The mail-order houses handle their business so that the Government has little to do. If we have 30 catalogues going to Carey, N. Y., those 30 catalogues are bagged from New York. That bag is marked "Carey, N. Y.," and they go by freight to a town that is just a short distance from Carey, and have only that short travel by mail.

Mr. STEENERSON. How much do you figure the freight rate is before they get to the parcel post distributing point?

Mr. ROSENBAUM. That varies.

Mr. STEENERSON. Yes, but there is an average; is it about 1 cent a pound?

Mr. ROSENBAUM. That would be \$2 a hundred?

Mr. STEENERSON. No, \$1 a hundred.

Mr. ROSENBAUM. Oh, it is more than that.

Mr. STEENERSON. I notice in the department's report that the blue-tag mail, you know what that is?

Mr. ROSENBAUM. Yes.

Mr. STEENERSON. Costs to ship by freight about 89 cents a hundred—less than a cent a pound.

Mr. ROSENBAUM. Yes.

Mr. STEENERSON. How often do you issue these catalogues?

Mr. ROSENBAUM. Twice a year; the kind that go that way.

Mr. STEENERSON. There would be no difficulty in arranging the shipment of these catalogues the same way as the magazines are shipped under the blue-tag system.

Mr. ROSENBAUM. Not particularly, if you give us the rate.

Mr. STEENERSON. They are not getting such a cheap rate now.

Mr. ROSENBAUM. Cheaper than we are.

Mr. STEENERSON. If that was done the Government could ship by freight at so much a pound to the point of distribution.

Mr. ROSENBAUM. Yes; but we have always insisted that our method of shipping this stuff by freight to distributing points is profitable to the Government.

Mr. STEENERSON. If we get 8 cents a pound, and you can ship them to the distributing point for 1 cent, we only get about $1\frac{1}{4}$ cents from the distributing point to the farmer or to the place where the catalogue is delivered to the mailer.

Mr. ROSENBAUM. The mail-order houses do not want the Government to perform any service for them at less than what it costs the Government.

Mr. STEENERSON. You know that all catalogues weighing 8 ounces and less have to pay third-class rates.

Mr. ROSENBAUM. Yes; we send millions of books at that rate.

Mr. STEENERSON. I don't see why they should not also do that with the large catalogues.

Mr. ROSENBAUM. Well, the Government made that rate. We formerly did send them that way.

Mr. STEENERSON. I think it will be more profitable if they adopted that system and sent them by freight to the post office at the distributing point.

Mr. ROSENBAUM. Well, it may be. I haven't figured that out. I don't know whether it would be more profitable to the Government or not. You see these books generate a great deal of first-class business to the Government.

Mr. STEENERSON. Yes; but I am now looking for revenue.

Mr. ROSENBAUM. That is where you get it; from that first-class business that these books generate. We get in \$25,000,000 in postal money orders. That is very profitable to the Government, and all of that is produced by the catalogues.

Mr. STEENERSON. Oh, the money-order business is not very profitable.

Mr. ROSENBAUM. Well, there must be something profitable in the Post Office Department.

Mr. STEENERSON. Well, they are running so much behind now that there is not so much profit on the first-class as the people think.

Mr. ROSENBAUM. We produce a great deal of first-class matter also.

Senator McKELLAR. Are you familiar with this site here down behind the post office?

Mr. ROSENBAUM. I have seen it very often.

Senator McKELLAR. And you have heard the price mentioned for the upper space there?

Mr. ROSENBAUM. Yes, sir.

Senator McKELLAR. At \$2, 500,000?

Mr. ROSENBAUM. Yes, sir.

Senator McKELLAR. I don't want to keep you from serving on a jury, but I want to ask you this question: If you were a member of a jury of review in condemnation proceedings, do you think you would give the owner of that space, that air space, \$2,500,000?

Mr. ROSENBAUM. It does look like a steep price, particularly when you remember it will cost a million seven hundred and fifty thousand dollars to get your footings.

Senator McKELLAR. You think that you would think a little before you charged that much?

Mr. ROSENBAUM. I think I would go across the street and look at that blind asylum there.

Senator McKELLAR. Is that large enough for it?

Mr. ROSENBAUM. I should say it was plenty large.

Senator McKELLAR. Then you would have all below, as well as above.

Mr. ROSENBAUM. Yes, sir.

Senator McKELLAR. You wouldn't have this expensive footage.

Mr. ROSENBAUM. Your excavations would be expensive, but that is a matter which is more expensive.

Mr. STEENERSON. If the blind people find out the Government wants it, won't they raise the price?

Mr. ROSENBAUM. I don't think they will. It has been on the market for a number of years.

Senator McKELLAR. What price is it on the market for?

Mr. ROSENBAUM. I don't know. It was offered to us at one time, but I have forgotten.

Mr. STEENERSON. How large is it?

Mr. ROSENBAUM. It runs from Thirty-third to Thirty-fourth; that would be 900 feet.

Senator McKELLAR. It is a larger plot than the other one?

Mr. ROSENBAUM. The other property runs from Thirty-first to Thirty-third. This is only one block in width; the other is two blocks in width.

Mr. STEENERSON. That is not as large as the other.

Mr. ROSENBAUM. The other runs from Thirty-first to Thirty-third; you see it is two blocks in width. That plat in back of the post office runs from Thirty-first to Thirty-third.

Mr. STEENERSON. Does it cross Thirty-second?

Mr. ROSENBAUM. Thirty-second Street was closed. It is a very attractive plot, however, that blind asylum plat.

Senator MOSES. In connection with what Mr. Rosenbaum says, I would like to say that there has been handed to me this afternoon a letter dealing with that plat which Mr. Rosenbaum has called attention to, and I would like to have this letter put into the record. This is a proposal to erect a building on that plat and to rent it to the Government at \$2.10 per foot. I would like to have that letter put into the record and have the subject referred to the commission's engineers for further investigation.

The CHAIRMAN. I think that is all for you, Mr. Rosenbaum, and the letter Senator Moses refers to may appear in the record at this point.

209 WEST THIRTY-FOURTH STREET.

New York, June 17, 1921.

HON. GEORGE H. MOSES, UNITED STATES SENATOR,
Pennsylvania Hotel, Seventh Avenue and Thirty-third Street,

New York City.

DEAR SIR: On behalf of myself and associates, we hereby submit the following proposition:

We will erect and lease to the United States Government, a suitable five, six, or seven story and basement building on plot 200 by 400, located on the east side of Ninth Avenue, between Thirteenth and Thirty-fourth Streets, New York City, on the following conditions:

The rental to be at the rate of \$2.10 per net foot of floor space, payable monthly.

The term of the lease to be for 20 years with no cancellation privileges of any kind or nature whatsoever.

We will install necessary chutes or conveyors, or both, to convey the outgoing and incoming mail, mail bags, or packages, to and from the projected building to the loading platforms which supply the mail trains, which platforms are located under the present post office.

We will install necessary special operating equipment in the building, the cost of same to be added to the rent of the first year.

Very respectfully, yours,

EDWARD L. LARKIN.
JOHN A. LARKIN.

STATEMENT OF MR. J. N. CROCKER, SUPERVISOR OF MAIL TRAFFIC, NEW YORK CENTRAL LINES.

The CHAIRMAN. What is your business, Mr. Crocker?

Mr. CROCKER. Supervisor of mail traffic, New York Central lines.

The CHAIRMAN. Were you ever connected with the Post Office Department?

Mr. CROCKER. Yes, sir; until about 10 years ago.

The CHAIRMAN. What position did you have?

Mr. CROCKER. Various positions; I started as railway postal clerk about 20 years ago, and I went through the various grades.

The CHAIRMAN. You have been how many years with the New York Central?

Mr. CROCKER. About 11 years.

The question of providing additional facilities for the use of the postal department in New York is one of considerable interest to the railroads. I have prepared a short statement for the sake of brevity that I will be glad to read and after I am through I will answer any questions that you may desire to ask. [Reading:]

Grand Central terminal was planned before inauguration of Parcel Post Service and consequently it was not anticipated that the mail traffic would ever require as large a portion of station facilities as now utilized to care for the mail.

About two years ago local officials of both the Post Office Department and the railroad realized that the time was not far distant when it would be necessary to provide additional facilities to care for what are commonly known as "tonnage mails"; that is, parcels post and periodicals.

At that time an attempt was made to provide a building on the west side adjacent to New York Central tracks. In December, 1920, the Government again brought up the question of the railroad submitting proposal to erect a building providing approximately 400,000 square feet for lease to the Post Office Department, calling attention to the fact that a central location would be desirable suggesting in the vicinity of Eleventh Avenue and Thirty-fourth Street.

The CHAIRMAN. And is that what is known as the Hay Barn?

Mr. CROCKER. No; it is just across the street. [Reading:]

In compliance with their request a proposal was submitted April 19, 1921, to erect a building in accordance with plans of the Post Office Department, on the block between Twenty-ninth and Thirtieth Streets, and on the east side of Tenth Avenue.

In selecting this location the following facts were taken into consideration:

(1) This block is outside of the zone covered by tentative west side improvement plans, and therefore, available for erection of a permanent building.

(2) Present track layout provides facilities for handling 60 or 70 foot passenger-train equipment used in mail service.

(3) Opportunity to erect a building providing the number of square feet desired by the Post Office Department, on approximately one-half of the block, leaving room for extension and ultimately providing a building containing 650,000 or more square feet, should the needs of the Post Office Department require this amount of space.

(4) Its central location near general post office, away from traffic congestion, making possible a trucking service at minimum cost for both the public and the Post Office Department.

(5) Direct connection with New York Central tracks, which would run beneath the building, and used exclusively for handling of mail cars, providing ample facilities for continuous loading or unloading.

(6) Cars in or out of this facility would have direct connection with main line service at Harmon, a distance of approximately 32 miles.

(7) Handling of bulky mails at Thirtieth Street would make it possible to relieve conditions in and around Grand Central Terminal, and permit use of latter facility primarily to care for first-class letter mail and daily papers.

(8) Speaking from a railroad or transportation standpoint, a building located between Twenty-ninth and Thirtieth Streets and Ninth and Tenth Avenues, seems very desirable and necessary to provide for future growth of the mail traffic.

The railroad now occupies block in question under a long-term lease, and it is their intention, if proposal is accepted, to acquire the fee title and anticipate no difficulty in financing the project or otherwise complying with conditions noted in proposal.

Senator MCKELLAR. On what terms does the Government get the space at Grand Central Station?

Mr. CROCKER. I think a little more than \$2 per square foot for the terminal space.

Senator MCKELLAR. I thought it was very much less than that.

Mr. CROCKER. There are two areas there. You may refer to the east, under the Grand Central Station. That is what is known as the probable post office.

Senator MCKELLAR. That estimate was made before prices went up, was it? You are now estimating on present cost?

Mr. CROCKER. Our estimate is made on present cost of wages and material.

Senator MCKELLAR. Which is unusually high?

Mr. CROCKER. About as high as it has ever been. The proposal was submitted, as I say, April 9, and our engineers took into consideration wages and working conditions that prevailed at that time.

Senator MCKELLAR. Does that have connection with the Pennsylvania, too?

Mr. CROCKER. No, sir; just with the New York Central tracks.

Senator MCKELLAR. Could it be connected?

Mr. CROCKER. I don't think so. That would be a matter for the engineers to work out.

The CHAIRMAN. Where is the Hay Barn located in reference to this?

Mr. CROCKER. That is across the street, between Eleventh and Twelfth Avenues and Thirty-fourth Street.

The CHAIRMAN. That is somewhat larger?

Mr. CROCKER. A little larger. This proposition only contemplates answering the department's immediate needs, taking a half a block. In other words, you don't have to invest in a whole block to get your facilities, and still if a great need arises, you can get the whole block.

The CHAIRMAN. Is there any possibility of your price being reduced if wages went down?

Mr. CROCKER. That would be a matter for the engineers to work out. We haven't any authority to name any prices.

The CHAIRMAN. Yes; and we haven't any authority to contract. Do you know anything about this tunnel proposition that Mr. Sutton submitted here?

Mr. CROCKER. No; I do not. But it has always been my thought that if you had a facility like this you would not have any need for one. The heavy mail the mailers would bring to your facility without expense to the Government. You are also near the docks, and it seems to me there would be no real object or need for a tunnel, because the bulk of your mail would come to the west side.

Senator MCKELLAR. You will admit that is a pretty hefty price they ask for that air space down there.

Mr. CROCKER. That is more than I would want to pay; maybe the Government can pay it.

The CHAIRMAN. Is there anybody here representing the American Pneumatic Tube Co. that wants to be heard. Mr. Emerson?

STATEMENT OF MR. MERTON L. EMERSON.

Senator MOSES. Whom do you represent?

Mr. EMERSON. I am president and engineer of the companies owning the pneumatic tubes in New York City and vice president of the American Pneumatic Service of Boston, which owns the pneumatic tubes in Boston and St. Louis, and also the Lamson Co., which has installed a great many of the conveying systems in post offices.

Some question has been raised in regard to tunnels. It may interest the commission to know I was in London a year ago and submitted tenders for the equipment of the tunnels the London post office has built and is not using. Nothing has come of those tenders. The tunnel is there, but is not being used. Some years ago, during Postmaster Morgan's term in New York City, our company submitted a proposition for a tunnel to connect the Grand Central and the Pennsylvania Railroad, to be equipped with an automatic railway system. Nothing has come of that.

Senator McKELLAR. Before you leave that London proposition, why aren't they being used?

Mr. EMERSON. The tunnels were finished just before the war and they lay idle. In fact, they were used for storage for different valuable materials from the British Museum and other places. Last year they asked for tenders for their equipment with tracks, cars, and accessories and received two bids, but I think it is largely a question of money more than anything else.

Senator McKELLAR. How large are they?

Mr. EMERSON. Seven feet in diameter and about 9 miles long.

Senator McKELLAR. What is the plan of operation?

Mr. EMERSON. The intention is to put in a double track miniature railroad, 2-foot gauge.

Mr. STEENERSON. Electric?

Mr. EMERSON. Electric.

Mr. BELL. Did they operate the tunnel at any time?

Mr. EMERSON. Not this tunnel. The London post office has several hundred miles of pneumatic tubes. This tunnel has never been in use for transportation of any kind.

Senator McKELLAR. What size pneumatic tube do they use?

Mr. EMERSON. Two and a quarter inch and three inch. They are used exclusively for what we would call "special-delivery" letters.

Senator MOSES. The equipment in this tunnel is wholly automatic?

Mr. EMERSON. The plan is to have it entirely automatic, but the equipment has never been put in.

Mr. KOONS. Do you consider that tunnel a practical proposition or not?

Mr. EMERSON. I think, Mr. Koons, the tunnel is entirely practical for tonnage freight, for volume mail, but when it comes to a question of getting the mail into the tunnel and getting it out, I think they have a very big problem before them, and I am not entirely satisfied that the automatic railway system would be any better than a system with a motorman on the train.

Senator McKELLAR. Would it be practical here to have a tunnel that was not large enough to have ordinary standard gauge railroad tracks between the two depots?

Mr. EMERSON. From an engineering standpoint I think it would be possible; from a commercial standpoint, I don't know. It seems

to me the problem in New York City, as the dock commissioner said this morning, is to keep as much out of New York as possible, and to keep as much bulk mail from going across New York as possible. But our company bid some years ago for this tunnel and from an engineering standpoint it is entirely possible.

Senator McKELLAR. There would be no trouble about it?

Mr. EMERSON. I don't think so; it is a matter of money.

Mr. STEENERSON. This system of having automatic electric cars going through the tunnel is an untried experiment. It has never been tried and tested.

Mr. EMERSON. It has never been tried commercially. Of course, it has been tried in experimental plants. There was a plant in England and we had one in Boston, and there was one here in New Jersey, but it has never been tried commercially.

Mr. STEENERSON. There is no established line anywhere successfully operated now?

Mr. EMERSON. No.

Mr. STEENERSON. Wouldn't you, if you were acting for the Government, rather some one else tried it out before we spent any money on it?

Mr. EMERSON. I think it is a fair statement to say that it is an experiment.

Senator MOSES. Are these experimental lines full size or miniatures?

Mr. EMERSON. Full size; the one in New England, the one my company had at Cambridge was.

Mr. STEENERSON. What do you mean by full size?

Mr. EMERSON. They could be larger or smaller. The one in England was on a 2-foot track, being the same size track as it is proposed be used in the London "tube."

Mr. STEENERSON. Seven foot square?

Mr. EMERSON. The tunnel was 7 feet in diameter; a cast-iron tunnel, very much like the tunnel under the Hudson River.

Mr. STEENERSON. They run two tracks?

Mr. EMERSON. Two 2-foot tracks. The tunnel is about 65 feet deep in the blue clay, with lifts, elevators, at each station to take the mail up and down.

I don't need to say, Mr. Chairman, that I am a vitally interested witness in this hearing, because I represent a company of some 3,500 stockholders, which have invested \$8,000,000 in putting the pneumatic tubes in Brooklyn, Boston, Chicago, and St. Louis. I assume what testimony your commission wants from me is regarding the details of cost of tube service, service records, and that sort of thing. The advantages and disadvantages of the pneumatic tubes have already been covered by your postal engineers. I might say here that the position of my company has already been stated. I would like to restate it to you. It was given in a letter by the late William H. Ames, president of our company, and by our treasurer, Gilmer Clapp, who is here to-day, in a letter they wrote Mr. Burleson, Postmaster General, on November 26, 1916. An extract from that letter is as follows:

The directors appreciate that no matter what the tubes have cost, the company can expect to realize only that degree of value which they possess to Government service.

On the other hand, we do not doubt that you are perfectly willing that the Government should pay full value for what it gets.

We are authorized to say that the company will sell, or lease, its systems at its full value to the Government, this full value to be determined by the Interstate Commerce Commission or any other impartial tribunal.

Again, in the brief we submitted to the Bankhead commission in 1918, we called attention to this letter of December 6, 1916, and added:

We have nothing to add to the statement therein contained, except to say that our company has full confidence in the judicial fairness of your commission in determining what is the proper price to be paid by the Government for our entire systems, or the terms on which they will be leased, to be operated by the Government or by this company.

That, I may say, Mr. Chairman, is our position to-day. We are perfectly willing to leave the matter to your commission or any proper body you may designate.

The New York pneumatic tubes extend from One hundred and twenty-fifth Street in Manhattan down both sides of the island to the Battery, then across Brooklyn Bridge to the Brooklyn general post office and to Station L in Flatbush Avenue railroad station, Brooklyn. There are 27.8 miles of double tube, 8 inches in diameter. They connect 26 post offices. There are 49 sets of terminal machines; there are some 3,000 carriers, and we employed 130 employees at the time the tube system was operated under Government contract.

The CHAIRMAN. Here in New York?

Mr. EMERSON. Here in New York. The American Pneumatic Service Co., which controls this system here, came into the New York field in 1905. There were two companies here—the Tubular Dispatch Co. and the New York Mail & Newspaper Transportation Co. They had at that time some 7 miles of tubes which went from the Brooklyn general post office to the New York general post office, to Station P and then to the Grand Central Station. They had a contract to build some 28 or 30 miles, but they could not finance it; the companies were in bad shape, and our company finally took them over. In 1906 we made a 10-year contract with the Government under which we agreed to build these extensions, so that the bulk of the mileage in New York City has been built since 1906, and then again we made other extensions which were not in our original contract. For example, in 1913 and 1914, at the request of the Post Office department, we built the extensions to what we call the Pennsylvania Station or the new general post office at a cost of something like \$100,000.

The contracts which we had with the Government originally, expiring June 30, 1916, were extended, first, by the department for six months, and then extended by Congress, so that they finally expired June 30, 1918. At that time the position of the New York Co. was quite different from the Boston, Chicago, St. Louis, Philadelphia companies, in that the Post Office Department desired to continue the service in New York City, and on two separate occasions they asked for bids for the continuance of that service.

Our company, which on its face was the only company that could bid, declined to submit bids for two reasons. The principal reason was that the proposal submitted by the Government contained a

cancellation clause whereby they could cancel the contract—I don't remember the period—say in a three months' period. That was one reason why we refused to bid. The second reason was that no provision was made in the proposal to cover the cost of moving postal stations and other extraordinary occurrences of that kind which had caused our company to expend a great deal of money during the previous period which we felt was not covered by the previous contract, but which as a practical matter we had to do, and we felt some notice should be taken of that, so we declined to bid on both those occasions and finally the matter lapsed and the service was shut down on June 30, 1918.

We immediately set about to remove all our apparatus on the post-office floors, capping the tubes, first lubricating them to keep them in proper condition.

Since that time we have kept up the tubes, by inspection, so that they could be put back into operation in as short a time as possible.

The CHAIRMAN. Have you removed all your machinery?

Mr. EMERSON. No; there is still some machinery in the postal station. The tubes, for the most part, come into the post offices. Of course, the tubing is for the most part in the streets.

The CHAIRMAN. Have you inspected those tubes as well as you could?

Mr. EMERSON. As much as we could, from time to time. There are street openings, and we have vaults where we can get into them.

The CHAIRMAN. Have you done anything to keep them in condition?

Mr. EMERSON. We lubricated them thoroughly before we shut them down; then, we capped them so that there would be no passage of air through them. Fortunately, the tubes are of cast iron, which deteriorates very little, if any.

The CHAIRMAN. These tubes are of no value to you or anybody else except for mail purposes?

Mr. EMERSON. That is a fair statement. They were put in exclusively for mail purposes. They lead from post office to post office, and while they are in themselves extra heavy cast-iron water pipe, bored outlike a steam engine cylinder, with special joints, we know of no other use they could be put to except mail transportation.

Mr. STEENERSON. Have building operations anywhere disturbed these tubes since they were put out of use?

Mr. EMERSON. Yes; at the site of the new courthouse down town they have excavated, and they took out about 500 feet of one of our tube lines that will have to be repaired or replaced.

Mr. STEENERSON. Were these openings blocked or capped?

Mr. EMERSON. Yes, sir.

Mr. STEENERSON. They have not deteriorated?

Mr. EMERSON. No; our tube system is in just as good condition as we could keep it under the circumstances. We appreciate, as I said, in stating the attitude of the company, that the vital question is the value of these tubes to the Government, and we know that is something the commission is going to decide and that the postal experts and engineers have already testified to. I am frank to say, however, that our company has very positive ideas on the value of the tubes, or otherwise they would not have built them. They were put in exclusively for carrying letter mail. They were not intended

for any other kind of mail. Their greatest value is in their constant availability, in their safety, and in the fact that they are used exclusively by the Post Office Department.

I mentioned a moment ago that just a year ago this time I was in London, also in Paris. I was there principally to submit tenders or bids from my company for equipping the London Tunnel and took the opportunity to study the postal service in both those cities. As I have been connected with my own company, a transportation corporation, since 1904, and I am an engineer by profession, I claim some ability as an observer of mail movement, and a sense of judgment on the results attained. I know the principal post offices in this country; I know what the postal service in New York was while the tubes were in operation, and particularly in 1915 and 1916. New York City then had the finest service it ever had, and I think it is fair to say, in the world. And, I know that to-day, since the tubes have shut down, that the service is not as good. I don't say the tubes were responsible for all of the good points of the New York postal service, but the tubes were a very large factor in promoting, permitting the wonderful postal service New York performed in 1915, because that service for letter mail was built around the pneumatic tubes, and because of that and the decentralization that resulted in our post offices in New York City, every post office in New York City was really a general post office, and every post office in Manhattan gave its patrons just the same service they would receive if they were in the general post office zone—gave letter mail the service if paid for and was justly entitled to have.

You have undoubtedly had a great deal of testimony as to the capacity of the tubes. That has been taken up by various commissions and, undoubtedly, by your engineers and experts. I think I can summarize that by saying that the pneumatic tubes, in my belief, were never used to over half their capacity, if they ever reached that, so there is a very large factor there for further growth, with the exception of the Madison Square post office, and the conditions there were brought about entirely by the construction of the Pennsylvania Railroad Station and the general post office at Seventh Avenue and Thirty-third Street after the tube system was completed to points north of that point. That factor of mail service was not considered when the department laid out the tube system. As a result of its presence the flow of mail was changed and Madison Square tube equipment was called upon to do more than it was intended to do in the original design. At that station an additional tube should, in my opinion, be put in—between Madison Square and Pennsylvania Station direct, and perhaps it may be well for me to state in connection with capacity, that after all the capacity of a tube system depends upon the efficiency with which it is utilized, and under proper direction, under proper control, I think tube service could be utilized to much greater efficiency than it displayed during 1914 and 1915, which were, perhaps, its best years.

Mr. STEENERSON. Did your company build this Government-owned line from the appraisers stores to the customhouse?

Mr. EMERSON. Yes, Mr. Congressman; that line is identical in every respect to the lines built for carrying the United States mails.

Mr. STEENERSON. We tried to look at it yesterday, but they didn't seem to be able to transmit mail, except very slowly. They said they didn't have any pressure.

Senator McKELLAR. We waited about 15 minutes for a container to come from the other end, but it didn't come.

Mr. EMERSON. That line is about 2 miles long; it ought to come through in four minutes.

Mr. STEENERSON. They said there was a leak somewhere. Do you think that was the explanation?

The CHAIRMAN. There was no one on hand there to operate it. They looked around to find somebody to put something through for us.

Mr. STEENERSON. Would you think that that line could be utilized if the Government acquires these tubes from your company?

Mr. EMERSON. I think it should be utilized. It never has been utilized except during a small number of hours of the day. It is standard, interchangeable with the post-office lines. I see no reason why the post office should not use it as a third line connecting the lower section of the city with the uptown station.

Mr. STEENERSON. If there is a leak, it should be repaired?

Mr. EMERSON. If there is a leak, it certainly should be repaired.

As to the cost of operating the tubes, Mr. Chairman, what it would cost to operate them in the future, I would say that of course all the facts as to cost of operation up to the time of shutting down are matters of record. They are contained in the report of the Bankhead commission. I think the figures have been submitted, and if there are any figures your commission want we will be glad to submit them.

The CHAIRMAN. You wouldn't expect the cost to be the same now?

Mr. EMERSON. I would not.

Mr. STEENERSON. Do you remember roughly what it was at that time?

Mr. EMERSON. Yes; I have those figures here.

Mr. STEENERSON. You might as well read them.

Mr. EMERSON. The largest factor in the cost of operating the tubes is the cost of labor, and while it is very simple to say what the cost was in the past, and while it is simple to say what it is to-day, what the cost is going to be over the next five or ten year period is very hard to say. I think labor cost will come down. Labor being the biggest item in our cost of operation, I have given it a great deal of thought, and I have come to the conclusion that a fair rate of labor in New York City for the time being is \$4 a day, or \$24 a week, or \$1,250 a year. That is a little less, I think, than the Post Office Department pays its labor. I think it pays laborers \$1,350 for the first year and \$1,450 for the second year, but I believe we can get good labor, the kind we ought to have, at \$4 per day.

Senator McKELLAR. What percentage of increase would that be on the past cost?

Mr. EMERSON. I have some figures on that, but roughly it is just twice the typical year of 1916, and that is also just about twice, as I remember it, what the Government was paying for its labor at that time. Under the old cost of operation labor was about one-third of the total cost in 1916. Taking that as a typical year, the cost of operation was about \$9,200 a mile, and the cost of labor was about \$3,100, or one-third; the cost of power was about one-third; and the cost of repairs and other charges was about one-third more, so that in getting at the cost of operation labor is one of the principal

items. Another important item is the number of hours of operation. Now, under the previous contract we operated 20 hours daily and approximately 10 hours on Sunday, or 6,780 hours per year. Personally I think that the tubes ought to operate 24 hours daily, and I don't think they ought to operate on Sunday. From an operating standpoint there are many advantages in six days' operation. Every man, as you know, wants a day off in seven, and he prefers his Sundays off. In a 24-hour day you can use 8-hour shifts. There is mail coming 24 hours a day on week days. There isn't much to go through the tubes on Sunday, and there has to be some day in the week on which to make repairs—perhaps not every Sunday, but it is just as well to have the opportunity so that personally, judging from the experience I have had of over 10 years in this sort of thing, a schedule of 24 hours for six days a week would be the ideal way to operate.

Another thing which I might bring up here is who should operate the tubes; should it be done by a private contractor or by the Government? I realize there is a great deal to be said on both sides. It seems to me, at the same time, rather incongruous to have men employed by a private contractor inside the post offices. I see no reason now that the pneumatic tubes are in a simplified state, as compared with 1906, why the same men we employed should not be put on the Government pay roll, and if they were, they could be placed under the superintendent of transportation, the man in charge of automobiles, and you will have to have automobiles, because the tubes can't carry all the mail, although they have capacity to carry all the first-class mail, and if you had one man in charge of both services I think you could get very efficient service, and I think New York would have just as good service as it had before, for letter mail, and perhaps better. As I said, under the previous contract the tubes operated 20 hours a day, 10 hours on Sunday. If they operated 24 hours daily with no Sunday service that would be equivalent to 7,512 hours a year. On the 20-hour basis we used to have 130 men, and on the 24-hour a day basis we estimate it will take 166 men.

Now, coming down to the cost of operation, in round figures the cost of labor since 1916 has doubled, so our estimate is that if we should start at this present time and pay \$4 per day, the cost would be about double. Taking 1916 as the typical year we were getting \$17,000 a mile for 6,780 hours of service, and by the way, that \$17,000 per mile was first determined upon in 1902. Previous to 1902 on the New York system I think they were paying something like \$33,000 a mile for service from the small system they had in operation at that time, but the contract made in 1902 for four years was at \$17,000 a mile, and the new contract made in 1906 was made at the rate of \$17,000 per mile.

The cost per mile of operation in 1916 was \$9,366, leaving a balance in round numbers of \$7,600 to pay interest charges, dividends, if there were any—there weren't any—and that operating cost of nine and one-third thousand dollars was divided approximately as follows, or actually as follows: Three thousand one-hundred and ninety dollars for power; \$3,120 for labor, which was at the rate of \$790 a year per man, or \$15.15 per week, or \$2.17 a day, and the balance was for repair of carriers, repair of machinery, repair to power plant, overhead and other operating charges.

Now, I have a detailed statement here that I can give you, about what I think it would cost to operate at the present time, but I think perhaps I can run over that and put the statement into the record.

I have had the question of power up with the New York Edison Co. They figure that the power would cost about 50 per cent more than it did in 1916, due largely to the increased cost of coal. Labor, as I said, has about doubled; other expenses I figure have gone up about 50 per cent of what they were in 1916. Last year they would have been more than that, but increasing power by 50 per cent and labor by 100 per cent and other expenses by 50 per cent brings the cost of operation on the old basis, 20 hours a day and 10 hours on Sunday—I make the actual cost of operation per mile \$15,654. That is for 6,780 hours. Now, if we operated 7,512 hours I think the increased cost would be about pro rata. It would be for labor; it would be for power; possibly the increase for the other items would not be so great, but labor and power being the greatest items, I think it is fair to take it on that basis, so the actual cost of operation would be \$17,350.

I might say that in that cost is included approximately \$30,000 per year for taxes, which if the Government owned the system, for example, it would not have to pay, and there is \$25,000 in there a year for general expenses which the Government wouldn't have to pay. Other than those two items of a little over \$50,000 it seems to me that the cost of Government operation and for company operation would be pretty nearly the same.

Now, Mr. Chairman, those figures apply only to the cost of operation. The question then comes up as to what return should the company get on its investment, and in turn the question comes up as to what is the company's investment, or what is the fair valuation. I can give you various figures on that, but of course I am a prejudiced witness, if you please, and it would be much better to have the engineers' opinion on what a proper valuation is.

I might say that the book valuation of our system—that is quite aside from what we carry our patents or franchises and that sort of thing at—we carry the value of the plant on our balance sheet as \$3,786,000.

The CHAIRMAN. What do you include in your plant?

Mr. EMERSON. The actual cost of the system.

Senator MOSES. That is, the tubes, the compressors, the dispatching apparatus, and containers?

Mr. EMERSON. That is right.

The CHAIRMAN. You have franchises in the streets?

Mr. EMERSON. We have two franchises, one under the New York Pneumatic Service Co. and one under the New York Mail & Newspaper Transportation Co.

The CHAIRMAN. Is there any question about the validity of those franchises?

Mr. EMERSON. I think not. It is our contention that the Government would not have to pay for the franchises, because they would not have to have the franchises, and in the valuation I have given you there is nothing for the franchises. This is just the cost of the material and labor on our books.

Senator McKELLAR. That is its original cost?

Mr. EMERSON. Yes.

Senator MCKELLAR. What did you put in for depreciation?

Mr. EMERSON. That brings up a very involved question. We have never carried any depreciation on our books, largely for the reason that we have never earned enough for depreciation, and of course depreciation in itself, as a matter of fact—Stone & Webster, in their investigation for the Bankhead Commission, estimated the life of the tubes at 50 years, which would be a depreciation of 2 per cent a year. We have had the tubes in, say, since 1908. They are protected on the outside against corrosion; they are protected by proper paint.

Senator MCKELLAR. What would be the average number of years—

Mr. EMERSON. Life of the system?

Senator MCKELLAR. Yes, about?

Mr. EMERSON. About 50 years, as I recollect.

Senator MCKELLAR. Then, according to Stone & Webster, it would be about 30 per cent off for depreciation?

Mr. EMERSON. Yes, Senator, taking their figures. I think, however, the tube is good for a great deal longer than that. Our machinery, of course, depreciates much faster. As a matter of fact, the machinery in the New York system is not over seven or eight years old. The old machinery has been replaced by machinery of later type.

Senator MCKELLAR. What part of the cost does the machinery represent?

Mr. EMERSON. Approximately 10 per cent, I should say. As the machinery has worn out, we have not carried the depreciation on it, but have replaced it and charged it to operating expenses. Our carriers, on the other hand, depreciate every year, practically. We have to have new carriers every year, and that is charged in operation.

Senator MCKELLAR. What would be the cost of starting again?

Mr. EMERSON. I estimate the cost of putting the system back into operation, including the line that we will have to build around the site of the new courthouse, would be in round figures \$100,000. My estimate is \$97,000. I might say that this plant account cost includes nothing for intangible cost, plant investment, and things of that kind. I can give some other figures as to cost if you would be interested in them.

In the Smith Commission report of 1914, Engineer Fry estimated the value of the system as not exceeding \$3,500,000. Under the Bankhead report of 1918 the estimated value of the system was put in roughly as \$2,500,000.

There, Senator, considerable was said about depreciation and that sort of thing, and the statement was made that inasmuch as no value was put in on intangibles, interest on investment, organization expenses, patents, and that sort of thing, which Engineer Fry estimated at 9 per cent of the value, that nothing should be taken off for depreciation.

The American Audit Co. estimated the actual cost of the system for the Bankhead Commission as \$5,510,000.

Senator MOSES. Was that replacement value?

Mr. EMERSON. No.

Senator MCKELLAR. What caused the wide discrepancy there?

Mr. EMERSON. The figure that I have given you there—\$3,700,000—is the actual cost of the system in the street; nothing added for organization expenses, nothing for patents, or developments, and all those things. The American Audit Co. figured that the entire cost to our company, or the cost of building the system, overhead expenses and all, was \$5,510,000.

Senator McKELLAR. What earnings have been divided among the stockholders?

Mr. EMERSON. The New York Mail & Newspaper Transportation Co., which owns practically the entire system—owns 23 miles out of the 28—has never paid any dividends and has never earned the interest on its notes or bonds. The New York Pneumatic Service Co., which owns something like 4½ miles of the system—owns the system from the old general post office to Grand Central, and from the old general post office to station P—paid one or two small dividends. I don't know what they were.

Senator McKELLAR. What became of the rentals that the Government paid?

Mr. EMERSON. In 1916, as I explained, the cost of operation was roughly \$9,366 a mile, putting it on a mileage basis, which left \$7,600 available for paying interest on money borrowed, bonds and notes. I might say that the new system built from 1906 on was built by money which the American Pneumatic Service Co. furnished the New York Mail & Newspaper Transportation Co. on notes, so that the balance of that money was used in paying interest on those notes.

Senator McKELLAR. Take the year 1916, how much did the Government pay for the tubes in New York City, approximately?

The CHAIRMAN. \$17,000 a mile.

Mr. EMERSON. They paid \$17,000 a mile which amounted to \$472,000.

Senator McKELLAR. What was done with that money?

Mr. EMERSON. That is a matter of record. I can read from the book, but if we come back to the mileage basis, I can explain it a little easier.

Senator McKELLAR. Here is what I am driving at; you had so much money invested in these tubes. Now, you got so much from the Government a year. If it did not go into dividends, what became of it? That is what I want to know.

Mr. EMERSON. Well, you might call it dividends.

Senator McKELLAR. Well, if I would, I would like to know what they amounted to.

Mr. EMERSON. If I may go back to the mileage basis, I think I can explain it better that way. We received \$17,000 a mile. It cost to operate \$9,366 a mile, leaving a balance of \$7,600 a mile, and you want to know what became of that.

The extension in New York City which was built from 1906 on cost roughly \$100,000 a mile. The money for building those extensions was loaned by the American Pneumatic Service Co. to the New York Mail & Newspaper Transportation Co. on notes which bore between 7 and 8 per cent interest, so that this \$7,600 per mile was 7.6 per cent on the \$100,000 advanced.

Senator McKELLAR. If that is the case, when you say you invested \$3,000,000, in round figures, in the tubes, a portion of that was money

you got in rentals from the Government. Now, how much of it was that money?

Mr. EMERSON. I don't think I get your question.

Senator McKELLAR. As I understand you, you say the extensions were paid for by notes issued by the company or some company, and that this rental of \$7,600 per mile was used to pay these notes?

Mr. EMERSON. That is right; paid interest on borrowed money.

Senator McKELLAR. If that is the case, these rentals were used to pay on the investment.

Mr. EMERSON. That is true, paid interest.

Senator McKELLAR. Well, now, how much of it? How much of the \$3,000,000 did the Government pay in rentals? I want to know how much it cost the original stockholders.

Mr. EMERSON. The original stockholders were stockholders in the American Pneumatic Service Co. who put up this money.

Senator McKELLAR. I don't care who they were. I want to know how much the Government rental paid for of this \$3,000,000.

Mr. EMERSON. Let me put it this way. During 1916, which gave the best returns, these stockholders got a little less than 8 per cent on their money. They never got any of their principal paid back but they got during those years 8 per cent on their money.

Senator MOSES. That wasn't paid to the stockholders in the form of dividends?

Senator McKELLAR. It was paid; it don't make any difference how they got it. How many of those best years were there?

Senator MOSES. Three.

Mr. EMERSON. About three, I should say.

Senator McKELLAR. In other words, they got about 24 per cent back in those three years.

Mr. EMERSON. Of course there is nothing allowed for depreciation.

Senator McKELLAR. You don't allow the Government anything for depreciation. Take the lean years, how much does the stockholders get?

Mr. EMERSON. Let me read the record, Senator. It is all in the Government report.

Senator McKELLAR. Maybe I didn't make myself clear. You say during a period of 20 years or more the stockholders have paid in \$3,000,000 in round figures. Now, I want to know what the stockholders have gotten out in round figures during that period.

Mr. EMERSON. They have paid in in round numbers five and a half million dollars, of which the actual cost of the system is carried on our books as \$3,700,000. They haven't gotten anything out and only part of the time have they gotten interest on their money.

Senator McKELLAR. Let us see what they got as interest.

Mr. EMERSON. Taking 1916 as a typical year, the profit in 1916, subject to lease rentals, was \$211,000; in 1915 it was \$170,000; in 1914, it was \$211,000; in 1913, it was \$195,000; in 1912, \$201,000; in 1911, \$138,000; in 1910, \$162,000; in 1909, \$81,000. The difference there is due to the increase in the size of the system.

Mr. STEENERSON. You are speaking now of the New York system?

Mr. EMERSON. Yes. This information, by the way, is on page 278 of the Bankhead report.

Now, the lease rentals of the New York Mail & Newspaper Transportation Co. are put in here in 1916, at \$175,000; 1915, \$118,000; 1914, \$175,000; 1913, \$113,000.

Senator McKELLAR. That was a holding company, was it?

Mr. EMERSON. No; there are two companies here—the New York Mail & Newspaper Transportation Co., which owns the larger part of the system, and the New York Pneumatic Service Co., which was the successor of the Tubular Dispatch Co., which went into the receiver's hands, which owned about 4½ miles. The contract with the Government is with the New York Pneumatic Service Co., but the tube companies are operated—they are both controlled by the American Pneumatic Service Co.—practically as one company. In other words, the lease agreements which the New York Mail makes with the New York Pneumatic Service Co. is that it shall get its share of the profits pro rata on its mileage, so that from the standpoint of operation and finances there is just one company here.

Coming back then to the figures, the profit which was available, subject to lease rentals, to pay interest or dividends in the best year was \$211,000—and if you apply that \$211,000 to whatever valuation you put upon the New York system and allow something for depreciation, if you think best, that gives you what the return was which in the past years was something like 8 per cent on the valuation without depreciation.

The CHAIRMAN. When you speak of profit to the company, what do you mean by that?

Mr. EMERSON. Well, this item that I have been mentioning is gross profits. In the first place it does not contain any depreciation, or return on the capital invested, so that it is simply the amount of money that was available to pay proper commitment of the company.

The CHAIRMAN. Did you pay any of it for dividends?

Mr. EMERSON. In the case of the New York Pneumatic Service Co. there were one or two dividends declared. The capitalization of that company is \$300,000. The dividends were very small. I don't remember what they were.

The CHAIRMAN. That is the capitalization of that company; now, what is the capitalization of the other company?

Mr. EMERSON. The capitalization of the New York Mail & Newspaper Transportation Company is a million dollars.

Senator McKELLAR. Was that actually paid in money or did the company borrow the money and issue stock?

Mr. EMERSON. I couldn't tell you that. That company was formed a great many years before we took it over. It had a varied career.

Senator McKELLAR. Did you issue bonds?

Mr. EMERSON. There is \$200,000 of bonds which we bought.

Senator McKELLAR. Where did you get the money to build the tubes. Was it paid in? Did you sell stock, or did you borrow the money on bonds? How did you get it?

Mr. EMERSON. It was paid in on bonds or stock of the American Pneumatic Service Co.

Senator McKELLAR. How much of that stock?

Mr. EMERSON. The American Pneumatic Service Co. is a company that owns not only the New York company, but companies in Boston, Chicago, St. Louis, and Brooklyn and also owns the Lamson Co.

Senator McKELLAR. Take the New York company—you had to get the money somewhere to build it; did you get it on bonds or stock subscription?

Mr. EMERSON. On both.

Senator McKELLAR. What was paid for the stock?

Mr. EMERSON. Mr. Clapp, the treasurer of the company, is here. He could give you information on that in detail.

Senator McKELLAR. Wouldn't you know generally what it was?

Mr. EMERSON. I imagine, Senator, the bonds were sold at par. The preferred stock was sold at par with a bonus of a share of common stock.

Senator McKELLAR. As a matter of fact, how much common stock was there bought?

Mr. EMERSON. In all, of the American company?

Senator McKELLAR. Yes.

Mr. EMERSON. Well, I haven't the balance sheet of the company here. I can not tell you.

Senator McKELLAR. Was that ever sold for money?

Mr. EMERSON. Yes.

Senator McKELLAR. How much did that sell for? Did you sell that at par?

Mr. EMERSON. No. The highest that stock ever was sold for in the market—par was 50—I think it went to 28. I know it did, because I bought some at 28.

Senator McKELLAR. I am not speaking of when it was on the market; when the stock was issued did the company issue the stock and how much did the company get for it? Not what it was on the market for afterwards. How much did the stock sell for?

Mr. EMERSON. You are getting into the finances of the parent company that go back for many years. They go back over the other companies, and it is pretty hard for me to answer that. I can say this, that all the money put into the New York system was furnished by the American company to the New York company on notes for which the American company charges the New York company $7\frac{1}{2}$ or 8 per cent interest.

Senator McKELLAR. Of course, you know in years gone by how those things were managed. There were companies of this kind and various other kinds organized and bonds issued and the common stock given with the bonds or preferred stock. Therefore, when you speak of the stockholders of the company, I want to know if they paid anything for their stock; whether the company got anything in value. What I would like to know is if any of this stock was sold, and if so, at what price; what price did the company get for it? In other words, I don't think we should take into consideration the watered stock of this company.

Mr. EMERSON. I don't think so either. I can say that the American company was not that kind of a company. The American Pneumatic Service Co. was organized to take over other companies at that time, and it subsequently went into the mail service, buying the Boston, and afterwards getting control of the two New York companies, about 1905.

Senator McKELLAR. When they bought that, did they pay par for those bonds?

Mr. EMERSON. I think they paid par for the bonds, but I am sure they did not pay par for the stock.

Senator McKELLAR. Did they pay anything?

Mr. EMERSON. Oh, yes.

Senator McKELLAR. Now, your books will show what it was; could you put that in here?

Mr. EMERSON. Well, if the books show.

Senator McKELLAR. Well, I am sure no company in the world would keep books and not show what the stock sold for. They couldn't do it.

Mr. EMERSON. I will be glad to put that in the record.

Mr. KOONS. Have you any way of telling what stock is outstanding given as a bonus or otherwise for which the company received nothing?

Mr. EMERSON. I don't see how we could. I recollect that back in 1906 or 1907 the company put out an issue of preferred stock—1905 I should say it was—in which they gave a bonus of one share of common stock for every two shares of preferred stock, as I recall it.

Senator McKELLAR. What did that preferred stock sell for?

Mr. EMERSON. At par.

Senator McKELLAR. And the company got that money and used it for the purposes of making these extensions?

Mr. EMERSON. It used it in its general business.

Senator McKELLAR. Your records there in the other hearing will show, I suppose, the exact amount the company has earned from the beginning on down?

Mr. EMERSON. Yes; and it shows the total investment. The American Audit Co. went over its books and everything is a matter of record in this book I have here.

I can give some other valuations. For example, the question of replacement value came up in 1917 and Mr. B. C. Bacheller, who was at that time our chief engineer, estimated that the physical replacement value as of that date would be \$4,920,000.

Then, another figure which I have arrived at—I have these figures here—it is pretty hard to carry them. You understand that when our company took over the New York companies there were 7 miles here. We built about 22 miles, so that we know exactly what the 22 miles cost us, which was, in round numbers, about \$100,000 a mile, so that pro rating over the entire system the cost of the new system we get a figure of \$2,850,000, so that all of the figures range between two and a half and five million dollars. I simply give those as possible matters of interest. I think that anything I would say on this subject would be biased.

Senator McKELLAR. I can understand that. Of course, we have no authority to buy, but we would like to know what you would expect the Government to pay.

Mr. EMERSON. Well, I can say, in the first place, we would be very glad to sell.

Senator McKELLAR. Well, if you would, what would you take for it as it stands to-day?

Mr. EMERSON. I wouldn't be authorized to make an offer.

Senator McKELLAR. Just as we would not be authorized to buy, but I don't know of any piece of property that I have that I wouldn't put a price on.

Mr. EMERSON. Well, if it were my own property, I would put a price on it very quickly.

Senator MOSES. How many stockholders have you?

Mr. EMERSON. Three thousand five hundred.

Senator McKELLAR. I think it would be very important, if you want to sell it, to put a price on it.

Senator MOSES. He is willing that a condemnation price be put on it.

Senator McKELLAR. I want to know what he is willing to take for it.

Mr. EMERSON. Of course, we have only one customer. If we had several customers, that might change the situation. We are willing to let a fair price be fixed.

Senator McKELLAR. Suppose we couldn't fix it?

Mr. KOONS. When does your franchise expire?

Mr. EMERSON. We have two franchises; one is perpetual, the other is 30 years, I think.

Senator McKELLAR. Will you put that in the record, and how much of the system that applies to?

Mr. EMERSON. Yes. But all the franchises relating to the pneumatic tube system are printed in full in the report of the Bankhead Commission.

Mr. KOONS. And the terms of the franchises?

Mr. EMERSON. The terms of the franchises and the franchises themselves are already a matter of record in these Government reports, the Bankhead Commission and two or three others.

Senator McKELLAR. Well, then there is nothing more to add to that.

Mr. EMERSON. Mr. Chairman, I don't think there is much you want me to say as to the benefit of the tubes, but I do recall that the 1918 commission said that three to five million letters were advanced per day by the tubes at an extra cost of \$312 per day over automobile service.

Of course, the figures have changed since that time, but I imagine the relative figures are the same. It seems to me that the Government ought to use these tubes which were constructed especially for them. I believe that the Government can operate them with their own men.

Senator McKELLAR. Did you urge the Government to take them at that time? You were both dealing as man to man; as one group of men with another group of men.

Mr. EMERSON. What time are you referring to?

Senator McKELLAR. When you secured your contract; when you leased them to the Government before. You fixed the terms of operation?

Mr. EMERSON. No; Congress fixed that; Congress also fixed the rate.

Senator McKELLAR. And you accepted it?

Mr. EMERSON. We had to take it.

Senator McKELLAR. There wasn't any question in your mind as to when the contract expired?

Mr. EMERSON. Oh, no. Our expectations, however, always—I think it is borne out in the record—have been that when the service got by the experimental stage, as previous commissions put it, the Government would buy the service and operate it.

Senator McKELLAR. But you had a definite, fixed contract which you understood, with the Government?

Mr. EMERSON. We had.

Senator McKELLAR. In other words, the Government has performed its contract to the letter?

Mr. EMERSON. It has, legally. However, from a moral standpoint, when the Government required us to make the large extension in 1917—however, as that may be—whether or not there is a moral obligation is another question. We are perfectly willing to let the system stand or fall on its own merits.

Senator McKELLAR. I suppose you were present and heard suggestions made as to leasing extra floor space. Now, suppose the Government enters into a lease of 20 years at \$2 per square foot and the person or the corporation who builds that property there at the end of the time finds that it has no other use for it—the Government is under no moral obligation to take it if it doesn't need it at that time?

Mr. EMERSON. If you will permit me to say so, the two cases are not parallel. The witness said he intended to amortize the value of that building over the time of that lease. The Pneumatic Tube Co. was not able to do that. In the second place, if the Government could not take that after 20 years, he could let it for commercial purposes. The tube company has but one customer.

However, we are perfectly willing that the whole system shall stand or fall on its own merits. We always have been.

The CHAIRMAN. We will now hear from Mr. Hume.

STATEMENT OF MR. FREDERICK C. HUME, EXECUTIVE SECRETARY OF THE NATIONAL PUBLISHERS ASSOCIATION.

Mr. HUME. Mr. Chairman, I have been asked by the traffic managers of the publishers of New York City, of which there are over 125, who deposited in the first quarter of this year 56,000,000 pounds of second-class matter, or an average of 700,000 pounds a day, to appear before you.

I was in the office of the National Publishers Association yesterday, and they are the men who really handle the mail. Those are the men who really handle the tonnage and they have made some recommendations both for temporary and permanent relief which we would like to put before you.

Senator MOSES. What do you mean by "really handled"? They bring it to the post office?

Mr. HUME. They are the men that route it, put it on their own trucks and take it to the terminals.

Senator MOSES. Bagged and tagged and ready to ship?

Mr. HUME. Yes, sir, so all I want to do is put in these recommendations.

The CHAIRMAN. We would be glad to have you do that.

Mr. HUME. These recommendations are as follows:

SECOND-CLASS MAIL.

The National Publishers Association, comprising a membership of over 200 magazines of national circulation, of which about 125 are published in New York City (such as Literary Digest, Collier's, Butterick, Cosmopolitan, Good Housekeeping, Life, Pictorial Review, McGraw-Hill publications, Christian Herald, McCall's, American Magazine, etc.), is naturally interested in the problems of the post office of providing adequate facilities for the prompt handling and dispatch of second-class mail and desires to suggest measures to the commission for relief.

The present facilities are wholly inadequate for the tremendous volume of such mail dispatched from New York post office. During the three months period from January 1 to March 31, 1921, there were deposited 54,708,666 pounds of second-class mail—a monthly average of 18,236,222 pounds and approximately 700,000 pounds daily. During the year 1921, the second-class mailings in New York City totaled 268,540,717 pounds. Twenty per cent of the total weight of all the magazines and newspapers mailed in the United States is mailed in New York City.

It is vital to the magazine publisher that his periodicals reach subscribers on time. Magazines are issued at stated intervals—weekly, monthly, etc.—and the publisher sees that they are printed and ready to be mailed on time. Magazines are a perishable commodity and certain matter that subscribers must have at a certain date, and if delivered after that date are practically useless and not salable. There are hundreds of magazines that treat of special subjects, such as fashions, market reports, current news, trade subjects, etc., and it is imperative that they be in the hands of readers on a certain day of the week or month.

New York City, being the publishing center of the country, should have ample post-office facilities for giving special and prompt attention to this mail, and we believe that publishers are entitled to prompt service through the post office.

The National Publishers' Association extends to the commission an invitation to inspect one or more of the plants of its members, in order that they may examine the process of addressing, mailing, sorting, and bagging preparatory to delivery to the post office.

SUGGESTION FOR TEMPORARY RELIEF.

A large percentage of the delay to which publishers are now subjected can be eliminated by adopting the following suggestions:

- (1) That baggage-car service be provided for second-class mail at all railroad terminals, such as Jersey Central, Erie, Lackawanna, etc.
- (2) That post-office weighmasters be again placed in plants having a large volume of second-class mail, thus avoiding delay of having such mail weighed at the post office.
- (3) That both scales at the Grand Central Station be utilized for weighing second-class mail, whereas only one is now used.
- (4) That a standing committee of officials of the New York post office be appointed to meet at stated intervals with a committee of publishers from the National Publishers' Association to discuss the problems growing out of the dispatch of second-class mail.

SUGGESTIONS FOR PERMANENT RELIEF.

(1) That publishers are opposed to any plan that does not provide for depositing second-class mail at points on Manhattan Island below Forty-fifth Street. Stations for depositing publishers' mail outside Manhattan Island and beyond Forty-fifth Street would entail considerable additional expense for trucking and extra time for transportation over streets that are now very much congested.

(2) That second-class mail be segregated from all other mail and separate buildings provided for handling it. It is suggested that one of these buildings be located in lower Manhattan (designated as Building A). All second-class mail originating in the lower section to be deposited at this building, separated there and dispatched to Pennsylvania Terminal or Grand Central.

A second building (Building B) to be provided in close proximity to Pennsylvania Terminal, and a third building (Building C) close to Grand Central. All second-class mail originating in upper Manhattan to be deposited in these two buildings. Mail for Pennsylvania Terminal to be deposited in Building B and mail for Grand Central Terminal in Building C.

These buildings should be provided with proper and adequate platform facilities for handling the tremendous volume of second-class mail dispatched from New York City.

It is further suggested that these buildings be connected by underground tracks.

(3) That the blue-tag mail system, which subjects magazines to great delays en route to destination, should be abolished and return made to the system previously used.

The CHAIRMAN. Now, gentlemen, I think that closes our hearing here in New York. The commission will continue its work in Washington in its efforts to make some recommendations to the department and to the Congress that will be of service.

I want to say for the commission that we appreciate the courtesies that have been extended to us since we came here to New York City.

Everything has been done to expedite the hearings which we have been conducting. I now state the sentiments of every member of the commission when I say this, because we have only gratitude for the treatment that has been accorded us, and, as I said to begin with, our problem is difficult. The business people, the civic organizations, the city itself, can do a great deal to help us in the work which we are undertaking. We have not an unlimited treasury upon which we can draw. We can not do things just as we would always like to do them, but we have got to solve the matter as best we can under present conditions, so that you can be of great service to us. It is your problem as much as it is ours. It is your mail that you are trying to get out, and while, of course, it reaches all parts of the country and other parts of the country are mailing in here, we must work together if we are going to get a system that will stand through these critical years we are now in and which will be with us for years to come.

I have suggested two or three times how you can help us, and I have been encouraged by some of the witnesses that you will do that. I said a little while ago that in some cities of the country when it has been determined that additional facilities are needed, citizens have felt it was their duty to assist in obtaining those facilities. The fact is we are up against this proposition every time, when we want to get a new site, a new post office, or rented quarters, the price of those quarters goes up because it is for the Government.

There can be no other reason for doing it, and I am sure there are none of you who feel it is the duty of the Government to spend money in New York just for the sake of spending it. We want to spend it here for the good of the service, your service and ours, and I trust that idea will be with you constantly because we are all working together. There is no object in our coming down here under the instructions of Congress, except to get the best solution possible of a most difficult problem, so again I say, we thank you very much for the courtesy you have shown us, and the hearings are at a close.

(The following statements are inserted at this point:)

**STATEMENT OF COMMITTEE OF POSTAL EXPERTS RELATIVE TO
GENERAL POST OFFICE ANNEX SITE, NEW YORK CITY, AND THE
SITE AT SUNNYSIDE, LONG ISLAND-**

**To the HONORABLE JOINT COMMISSION ON POSTAL SERVICE,
Washington, D. C.:**

We wish to submit in regard to the general post office annex site, immediately west of the present general post-office building, and over the tracks of the Pennsylvania Railroad, this additional statement setting forth certain reasons, among others, why we regard it as superior to the Sunnyside site suggested by W. B. Richards & Co., as set forth in the several statements made by them to the commission and particularly in the statements made at the hearing June 7.

An ideal site for the general post office for a great city like New York would be the hub of the business area, and with all the railroads entering and leaving the city centering on the premises.

Manifestly in the city of New York such an ideal site is unobtainable for there is no single point at which all the railroads center. But we do find that the two great railroad systems entering the city, namely, the Pennsylvania Railroad and the New York Central, approximately meet at the present general post-office site. The Pennsylvania Railroad actually passes under the building. This site, if not the true center of the city's business development, is actually the center of a business development of very great magnitude.

Furthermore, with the development northward of the city's activities, the general post office is approximately more nearly day by day the true center of intensive business development.

Therefore, in selecting the annex site, we feel that we selected the nearest approach to the ideal one obtainable anywhere in this city.

It should be explained that the connection with the New York Central line is proposed to be made at the Thirtieth Street terminal, which would be approximately only 400 feet distant from the annex building, and if it be deemed advisable in the future the two sites can be readily connected by a small tunnel or by conveyor belts and the expense would be comparatively small.

In addition to the two great railroads mentioned, this site would render accessible, by means of the tracks beneath the building, the Long Island Railroad; also, the New York Connecting Railroad, and by this latter means the New York, New Haven & Hartford System. The tracks of the New York Central would form a means also of connecting with the New York & Putnam Railroad, with the Boston & Albany Road, and other lines operating in New York State, and to points in the East and Northeast.

The population of Manhattan Island, according to the latest census return is 2,284,103. This is by no means an index, however, of the number of people served by the New York Post Office. Manhattan Island is a vast workshop where millions of people from the outlying districts assemble daily. We want the new post office to be as accessible to them as it can be made.

The proponents of the Sunnyside yards site, lying in Queens, four and one-half miles distant from the General Post Office, point to the growth of Queens as an argument in favor of the acquisition of the Sunnyside site, but the population of Queens, according to the census, is but 469,042, and this population is scattered over an area of 108 square miles.

The total postal receipts of the Long Island City office for the calendar year 1920 amounted to but \$321,538.55 and there are 20 stations of the New York office which have receipts in excess of this. The average number of pieces of ordinary matter mailed daily are estimated by the postmaster at Long Island City as follows:

Letters.....	35,800
Parcel post.....	4,000
Other matter.....	3,000

The average number of pieces of ordinary matter delivered daily are estimated by him as

Letters.....	29,000
Parcel post.....	650
Other matter.....	8,500

It will be seen, therefore, how very small the volume of this business is compared to the vast volume originating in and dispatched by the New York office.

Whatever may be said of the growth of Queens, and as to its importance in time to come, we contend that that growth may be cared for as necessity arises; but we are confronted by an urgent, pressing, immediate necessity to meet the requirements of the business community to which we are responsible here in Manhattan, and that and no other is the problem to be solved.

From the standpoint of convenience to the public, there can be no comparison between the annex site and the Sunnyside site. The one can be reached by all the great arteries of communication and transportation on Manhattan Island; the other is in a comparatively unknown and comparatively inaccessible situation that can be reached only by bridge or ferry, and even assuming the development of Queens, the site itself must, for all time, on account of the proximity of the network of Long Island tracks, be cut off, if not from the entire business development, at least from a very important area of it.

The general post office annex site is located where the mail originates. It is the site for the short haul and the quick one; and at this point we would bring to attention that the actual time of transit of mail is to be considered as from the time it leaves the hands of the sender to the time it reaches the hands of the addressee. Therefore, the accessibility of the receiving office to the center of business activity is of as much consequence to the community as the speed with which the mail after receipt by the post office is transported.

It is our opinion that the growth of Manhattan Island, and particularly the growth of that part of it lying between Canal Street and Fifty-ninth Street, owing to the

centering there of such vast business projects as the New York and New Jersey bridge, the New York and New Jersey tunnel, the great subway systems ramifying throughout the city, and the Pennsylvania, Long Island, and Hudson tunnels will force the Government within the very near future to provide additional facilities on a very large scale in the immediate vicinity of the present general post office. Therefore, even should the Sunnyside site be acquired at this time, there is every probability that within a comparatively short time it will be necessary to revert to the suggestion which we are now submitting.

The acquisition of the Sunnyside site would, therefore, merely postpone that which is inevitable, and would reverse the logical order which should be followed, namely, we would be providing to-day for a possible development in Queens to occur in the far future, and neglecting to-day a development which in Manhattan is already here, and which is growing greater day by day.

In evidence of the situation in Manhattan as shown by the utilization of the Postal System, we submit the following figures:

Receipts for the calendar year ending Dec. 31, 1920.....	\$53, 588, 193. 29
Expenses.....	25, 323, 233. 19
Surplus.....	28, 264, 960. 10

This office has maintained a growth for many years of approximately 10 per cent per annum. There is every reason to believe that this percentage of increase will continue if it does not actually augment in the future, and we feel that your attention should be particularly called to the amount of the net revenue which is shown above, and that this vast sum justifies a substantial expenditure to meet our present local requirements. One-quarter of one year's surplus as shown above would provide the annex recommended which would be good for all time.

A feature of the general post office annex site which we regard of particular importance, is its proximity to the present general post office—a proximity which is in fact so close that the two buildings may be regarded as one. This would permit a mobility of the force and make for efficient and economical operation. It can be readily seen that it would be entirely practicable in such emergencies as arise from time to time to shift from one building to the other any number of men that might be required. This could not be done if the new building were situated at a distant point, as the Sunnyside Yard.

The Sunnyside proposition is advanced by the engineers on the basis of economy. They emphasize the difference between the cost of the land, or the rental, in the Pennsylvania site, and the cost of the land or rental at the Sunnyside site. Their claim is that the mails could be transported by motor trucks from the present general post office to Sunnyside Yards for less than the interest charges on the expenditures for the general post office annex. In this connection we bring to your attention that we plan for the Pennsylvania site approximately 600,000 square feet. If this site be not acquired, it will be necessary to enlarge our Thirtieth Street site by 400,000 square feet over our present plans, and to erect at Sunnyside a plant of approximately 200,000 square feet, thus making up the full 600,000 feet needed. Taking this division as a basis, we are submitting below figures which show not only that the Pennsylvania site will not cost more, but that it will be an actual economy over the Sunnyside proposition.

Proposed annual cost of rental of building general post-office annex (Pennsylvania site).....	\$1, 332, 000. 00
Rental at Thirtieth Street, 400,000 square feet in lieu of 400,000 square feet in general post-office annex, at \$1.75 per square foot.....	\$700, 000
At Sunnyside, 200,000 square feet, at \$1.50 per square foot..	300, 000
	1, 000, 000 1, 000, 000. 00
	332, 000. 00

For the transportation of mail between Thirtieth Street, New York, and Sunnyside yards an estimate was given on page 176 of the Analysis of the Report on New York City, that it would require thirty-four 5-ton trucks working eight hours each day. (This estimate was on tonnage not including the reserve trucks which would be necessary for the upkeep of the fleet.) It is estimated that this service, inclusive of the reserve trucks necessary for the upkeep, would cost \$243,240. These figures, however, are not estimates based on actual experience, since this office has no 5-ton

trucks in use. Estimating the cost on the operation in the Motor Vehicle Service, the cost to transport the mail between the points indicated would be as follows:

It would require sixty-five 3-ton trucks including a reserve, at a cost of	\$302, 350. 00
The cost of circuit wagon service from the general post office plat-	
form to and from Thirtieth Street.....	65, 614. 94
Cost of transporting supplies from the Pennsylvania Railroad Station,	
general post office to Thirtieth Street.....	1, 000. 00
Increase in force and supervision.....	225, 000. 00
Distance between the Pennsylvania Railroad, Eighth Avenue and	
Thirty-second Street, and Sunnyside yard, 4 miles.	
Pennsylvania Terminal Station:	
22 cars per day +365 days=8,030 cars per annum.	
4 miles+35 cents per mile=\$1.40 per trip or \$2.80 per round trip.	
8030+\$2.80=\$22,484.00 increase per annum.	
New England cars—Pennsylvania Terminal Station:	
1 car per day, 365 per annum+\$2.80=\$1,022.	
Grand Central Station:	
8 cars per day+365=2,920 cars per annum.	
0.99 miles+35 cents = \$0.3465 per trip or \$693 per round trip.	
2,920+\$0.693=\$2,023.56 increase per annum.	
\$2,023.56+\$1,022=\$3,045.56	
\$22,484+\$3,045.56=(increase).....	19, 438. 00
	613, 402. 94
	332, 000. 00
Per annum.....	271, 402. 94

The actual saving as shown above would be \$271,402.94 in favor of the general post office annex building.

But this is not all. Accepting a statement before the Commission made by Mr. Howard who favors the Sunnyside site that "The increase in the parcels post in 10 years would be four times what it is now," it will be seen that the cost of the motor-vehicle service to transport the mails to and from Thirtieth Street to the Sunnyside yard would ever be at an increasing cost, and year by year the saving of the general post office annex site will be greater by that much. If the cost of the motor-vehicle service essential for the transportation of matter to the Sunnyside yards should 10 years from now be four times as great as it is to-day, then the cost would by approximately \$1,200,000 per annum, and this is nearly as great as the rental of the proposed annex buildings.

The figures given in the above table as to the increased cost of transportation of the mails by the railroads are like the estimates for truckage on the basis of their volume to-day, but, of course, as the mails increase the cost would ever increase. The only offset to the increase shown would be the saving in the case of the Eastern mails dispatched from the Sunnyside yards. The railroad schedules do not show the distance from the Pennsylvania Terminal to Sunnyside, nor from Boston to Sunnyside, but our information is that the distance from the Pennsylvania Station to Sunnyside by rail is between 3 and 4 miles; that the distance from Sunnyside to Boston is 228.10 miles; that the distance from the Grand Central Station to Boston is 229.09 miles; that the difference in favor of Sunnyside is therefore but 0.99 mile. Reports of storage cars dispatched from the Pennsylvania Terminal for the months of January, February, March, and April, 1921, show a total of 2,865 cars, of which only 129 were for points in New England, so that these are the only ones which would show a saving, and as the distance saved is so very small the saving would be but slight. Since, therefore, the daily average number of cars for points south and west during the period mentioned is 22, and for these the mileage would be increased if dispatched from Sunnyside by approximately 4 miles, the figures quoted are regarded as conservative.

In our opinion, however, though cost is an important factor to be considered in every transaction, the factor of paramount importance in this particular case is the efficiency of the service. It must be manifest that the efficiency of the service rendered the people of this city will be impaired by the location of such an important unit of the office as this would be in such a distant and inaccessible place as the Sunnyside yards. What we are striving for is to expedite the mails. All the new facilities asked for are sought for this purpose. But the location of the building at the Sunnyside yards instead of expediting the mails would be certain to delay them. June 13, a motor truck was run from the present general post office to the Sunnyside site by way of the ferry and the trip consumed 40 minutes. The return trip was made by way

of the Queens Borough Bridge and this consumed 34 minutes. The conditions for the trip were very favorable. Yet it will be seen that the round trip required an hour and 14 minutes. This time was exclusive of loading and unloading. It was the net running time. In actual operation it is thought it would be necessary to allow 45 minutes to the trip, or an hour and a half to the round trip, with 40 minutes additional for loading and unloading, making 2 hours and 10 minutes in all. More than three trips a day would exceed an 8-hour work schedule. It will be seen, therefore, that the actual delay in the mails under ordinary operating conditions would be great.

With the general post office annex in operation, the unloading of storage cars containing New York City parcels post mail would ordinarily be accomplished within one or two hours after the arrival of the train, and it would be effected immediately beneath the building, so that as unloading progressed the mails would be worked.

In the case of these storage cars, if the mails were handled at Sunnyside yards, they would have to be held after reaching the Pennsylvania Station as part of the train until the train had discharged there, when it would be run over to the Sunnyside yards, detached from the train and taken to the mail house. It will, therefore, be seen that with the annex site in operation, much of the matter would be on its way before, under the Sunnyside proposition, the trains would have reached the Sunnyside yards and the cars been unloaded, to say nothing of the matter being trucked back to New York City. In the case of mail arriving after the very early morning hours, delivery could not in fact be effected the same day.

All this city mail, moreover, under the Sunnyside proposition, would have to be rehandled in its transfer to the truck, and from the truck to the general office, which in addition to the delay would be an expensive operation and the cost should be added to the figures previously given. It is very evident the whole operation would be inefficient and absolutely detrimental to the service.

A parallel situation of delay would exist in the Sunnyside proposition in the handling of the outgoing storage cars. These cars under the system at the Pennsylvania Terminal Station are loaded practically up to the leaving time of the trains, but this would not be practicable, at the Sunnyside site, since they would have to be "closed out" in time to be placed in their position on the trains while being made up on the Sunnyside yards. How much this delay would be, would depend upon the difference in time between the closing of the car at Sunnyside and the actual departure of the train from the Pennsylvania Terminal Station. It is certain it would always be considerable, and in the case of evening or night trains carrying Pullman sleepers, the train would have to be made up in the yard from two to three and one-half hours before the departure time from the Pennsylvania Station. This would have to be done to permit the receiving of the Pullman passengers. This would be a very serious impairment of the service.

Mention has before been made of the test motor vehicle trip to the proposed site. For some reason which is not known, the engineers suggested that the route should be by ferry. In the winter it is believed that the ferry trip would be subject to frequent delays due to fog and ice, and throughout the year the service stops at 10 p. m. The charge upon the ferry for auto trucks not over 15 feet long nor exceeding 5,000 pounds is 20 cents; for trucks over 15 feet long and exceeding 5,000 pounds, including load and vehicle, but not exceeding 10,000 pounds, 35 cents; all loads in excess of 10,000 pounds are subject to an additional charge of 10 cents for each 1,000 pounds or fraction thereof. Therefore the cost of ferrying should be added to the figures given. In the event that the motor vehicle took the route over the Queens Borough Bridge, the route would be somewhat longer. From information furnished us the conditions of the road during our heavy winter storms is such that they are practically impassable in the vicinity of the proposed site. The grades on the bridge, and leading to and from the ferry, are considerable, and when the pavements are slippery accidents would be hard to avoid with the heavy loads which would have to be hauled.

Mr. Charles Howard in his statement before the commission June 6, 1921, opposed the erection of the general post office annex over the Pennsylvania Railroad track among other reasons on account of the difficulty and danger that he asserted was involved in the work and at the same time he expressed doubt whether the public or the railroad company would permit the construction to be made. Of course we are not in a position, nor is anyone, to know what view the public may take of this matter except so far as can be judged from experience in the past in similar cases. But we bring to your notice that the construction of the Grand Central Terminal buildings was carried on under very similar conditions. If our information is correct and we believe it is, since we obtained it from the contractor engaged on the work, the situation there was almost identical with the situation at the proposed site. We have been advised that the plan followed there, and intended to be followed if the annex is built,

would be to lay all the steel work between 11 p. m. and 5 or 6 a. m., when there is little or no traffic.

So far as the consent of the railroad is concerned, we can but accept the written statement of the company offering the property as made in good faith. Mr. Howard further said that it was his opinion the building (the Sunnyside Building) could be "erected in a fraction of a time that a building could be put over the hole of the Pennsylvania Terminal; that you won't have your building done for two or three years," and that the building at Sunnyside "need not be a monumental type of building." Further, "that the type of building that would be necessary at the Pennsylvania Terminal, in order to conform architecturally with the present building there, would have to be an expensive type of Government building." Yet we have within a few days been informed by a member of the firm of James B. Stewart & Co., the firm that made the proposition in respect to the construction of the annex, that his firm would guarantee the construction of the building in 15 months. He also stated in effect that the architecture of the building would be what the Government wanted it to be. A member of this committee in conference with officials of the Pennsylvania Railroad was recently informed by them that they would not indicate the class of building to be erected, and when told that it was his opinion that it should be a factory or loft type building they said they had no objection to it.

Mr. Howard recently reported to the commission that certain test packages mailed by his associates had been delayed in transit, and these irregularities may have occurred, but they were irregularities, and they can be corrected, but the Sunnyside proposition is one where delays will be regular, and from which delays there can be no escape. The Sunnyside plan is in fact a scheduled delayed service and it applies not to a few exceptional cases, but to a very large percentage of the mail handled here of other than first class.

At the last hearing it seemed to be the idea that the public, more particularly the large users of the mail, might be called upon to transport their bulky and heavy matter to the Sunnyside yards. We are certain from our contact with the public, and particularly large mailers, that any such proposition would be met by widespread, emphatic, and indignant protest. The patrons of the postal service in this city are constantly demanding better service, greater facilities, and higher standards of efficiency, and it is not conceivable that they would make an exception in this case. There is nothing in the Sunnyside proposition that offers anything in the way of expediting or facilitating the handling of the mails.

Respectfully,

E. M. NORRIS,
Superintendent of Mails, New York, N. Y.

CHARLES LUBIN,
Superintendent of Delivery, New York, N. Y.

ALBERT FIRMIN,
Assistant Superintendent Division Money Orders, New York.

P. J. SCHARDT,
Superintendent Railway Mail Service.

E. S. POST,
Superintendent Registry.

P. A. MCGUSTY,
Assistant Superintendent of Delivery.

STATEMENT OF HON. ALBERT B. ROSSDALE, OF NEW YORK CITY,
RELATIVE TO CONDITIONS IN THE BOROUGH OF THE BRONX,
NEW YORK.

In connection with its investigation of conditions in the New York post office the following conditions applying to the northerly section of New York City known as The Bronx are submitted for consideration thereto:

That the Borough of The Bronx is a part of the postal jurisdiction known as the New York post office; that this postal jurisdiction consists of two boroughs, the Borough of Manhattan and the Borough of The Bronx; that the 1920 census credits this territory of New York post office with a population of 3,016,000, 2,284,000 to Manhattan and 732,000 to The Bronx; that the normal annual increase of population in The Bronx is 35,000; that extensive building operations this year will add considerably to this annual increase; and that the rapid growth of The Bronx has outgrown its postal facilities; and that any plan for extensive increased postal facilities

for New York City must include The Bronx, and the following facts and data in connection therewith are hereby submitted:

That Bronx Borough, if it were a separate city or a separate post office, would be seventh in population in the United States, ranking about evenly with Boston and Baltimore. Yet Boston has 3,556 postal employees, while Baltimore has 1,227 postal employees, and The Bronx has 628 postal employees. A comparison of these figures plainly shows a pitifully small force to handle the mail of this community. The combined populations of Manhattan and The Bronx shows a numerical ratio of three persons in Manhattan to one in The Bronx and the number of postal employees shows a ratio of 43 postal employees in Manhattan to 1 in The Bronx, since there are 13,400 postal employees in Manhattan and only 628 in The Bronx. Startling though these figures are, they are nevertheless correct. And it may be seen at a glance that this community has been overlooked and unfairly treated in the matter of postal facilities.

Bronx Borough has the following 11 post-office stations within its confines:

Stations X, R, T, Tremont, Fox Street, Fordham, West Farms, Kings Bridge, Williamsbridge, Morris Heights, High Bridge.

The following is the total postal-savings deposits, stamp sales, etc., for the year ending December 31, 1920:

Postal savings deposits, \$8,558,598; open accounts, 27,583.

Domestic money orders issued, 359,027; international money orders issued, 12,544.

Stamp sales, \$986,578.32.

Parcel-post packages insured, 519,478; parcel-post packages c. o. d., 316,540.

Articles registered, 365,479.

Number employees, 628.

A COMPARISON.

Average daily mail collections in heavily populated sections, 7.	Averages daily mail deliveries in heavily populated sections, 3.
Average daily mail collections in outlying suburban sections, 3.	Average daily mail deliveries in outlying suburban sections, 2.

These average daily mail collections and deliveries in The Bronx when compared with Manhattan tell their own story.

Average daily mail collections, Manhattan, 15 to 27.

Average daily mail deliveries, Manhattan, 4 to 6.

The inadequate postal facilities in The Bronx has been apparent for years and has been the subject of constant complaint and discussion for many years. Congress appropriated money for the purchase of a site to build a central post office and as a result the Federal Government purchased a site on One hundred and forty-ninth Street years ago, and since then the project has slumbered and the land is still lying vacant, waiting for the Government to erect a much-needed building that would permit the post office to separate and distribute mail to and from The Bronx in The Bronx.

Because there are no facilities in The Bronx to do this, the post-office authorities are compelled to sort incoming and the principal outgoing Bronx mails in Manhattan. This is done at Hudson Terminal, Pennsylvania Terminal, Grand Central Station, and Station L, with Station L as a sort of stop-off, hold-over, and clearing station for The Bronx. This antiquated, long-distance system of sorting the mails for one borough in another borough entails constant resorting and rehandling with its consequent errors and inevitable delays. The Bronx is urgently in need of a central distributing post office where all Bronx post-office business should radiate from, just as does the post-office business in every other large community.

In addition to the need of a central post office, the rapid growth of population in The Bronx requires the establishment of another branch post office between Fordham and University Heights and another branch station at Hunts Point. The recent projected removal of Morris Heights Station from its present impossible location to a larger and more accessible place on lower University Heights will help that section somewhat, but provision must be made for larger, more sanitary, and more modern branch stations in almost all The Bronx stations except Station R, as that is practically the only modern postal station in the Borough.

The overcrowded condition of Tremont Station and its lack of space and facilities to handle the large volume of postal business there, requires early action by the department.

In connection with the possible reoperation and extension of the tube system for transmission of first-class mails in New York, it should be urged to extend their operation to The Bronx, since there can be no logical reason for omitting the northern part of New York from tube service similar to Manhattan. At present the tubes terminate

at Station L, on One hundred and twenty-fifth Street, and there is no logical reason why operation of the tube system should not include The Bronx. It would be a simple matter, possible to install without great cost because of the fact that the five largest branch stations in the most thickly-settled sections of The Bronx—Stations X-R-T—Tremont and Fordham, are almost on a straight line and favorable to economical operation.

I can not too strongly urge the prompt renting of a temporary building to serve as a central distributing station until a permanent central building is provided for and erected; and I will be pleased to submit such other corroborative facts and testimony as the commission may call for in connection with this statement, also calling the attention of the commission to the fact that these statements submitted embodies a careful and conservative survey of Bronx postal conditions by myself. And that I am conversant with all these conditions and qualified to present them, because I am a practical post-office man, with 10 years' experience as an employee in the New York post office, and as the Representative in Congress of 390,000 of the 732,000 Bronx residents affected by same.

ALBERT B. ROSSDALE,
Representative in Congress, Twenty-third New York District.

BLIND-ASYLUM SITE.

To the JOINT COMMISSION ON POSTAL SERVICE:

A statement having been requested in respect to what is known as the blind-asylum site, the following memorandum is submitted:

This site is immediately north of the annex site (Pennsylvania Railroad site), recommended by the postal committee as an annex for the present general post office. It faces on Ninth Avenue 197 feet 6 inches, and on Thirty-third Street, on the south, 400 feet, and on Thirty-fourth Street, on the north, a like distance. It is now occupied by the building of the New York Blind Asylum. The assessed valuation of the property is \$950,000.

In April, 1920, this site was under consideration as a possible location for the Foreign Station of this office, and a full report as to its advantages and the possibilities of the site for the purposes in question was made to the Postmaster General under date April 22, 1920. In this report it was set forth that a proposition to erect a building on the site and to lease it to the Government had been made and that the proposed rental was \$435,000, but subsequently the plan fell through and no action was taken.

At the time this site was under consideration the exhaustive study of the situation at New York recently made under the direction of the commission had not been undertaken, and at that time there was no prospect of securing the more advantageous annex site (Pennsylvania site) since recommended.

The blind-asylum site is a good site for the purpose for which it was considered, and there is no doubt it would prove a valuable addition to the postal facilities at New York, but it was not regarded as worthy of consideration in comparison with the site recommended.

The area of the blind-asylum site is approximately but 80,000 square feet, while the area of the annex site (Pennsylvania site) is approximately 161,525 square feet. This alone is sufficient to condemn the proposition when the future growth of the service is considered, for this will be the center of postal activity in New York as far into the future as can be foreseen, with ever increasing demands upon the available space. The largest area available in the vicinity is not too large.

The blind-asylum site, though immediately adjacent to the Pennsylvania Railroad cut, could only be connected with the Pennsylvania tracks by consent of the Pennsylvania Railroad and of the city authorities; consent by the latter being necessary, as the connection would have to be by a tunnel under a street.

It is further understood that the connection would present many operating difficulties from the standpoint of the railroad engineer. It will be noted, in this connection, that the increasing mail cars would have to cross a very wide section of the Pennsylvania yard, including the main outgoing tracks and switching facilities. The situation as to the outgoing cars would be but little better.

Of course, in the case of the annex site (Pennsylvania site), located immediately over the full area of the yard, loading and unloading platforms could be arranged as best might serve the operating requirements of both the post office and the railroad.

The blind-asylum site is not immediately opposite the present post office, but diagonally northwest thereof, approximately 75 feet, and connection with the site could be made by tunnel only, and would have to cross a city street, probably below

the level of the sewer line, and be made through solid rock at an oblique angle to a corner of the present structure.

At one time it was thought a bridge might be thrown across, but this is now regarded as impracticable. A bridge would have to pass immediately in front of a church which intervenes between the general post office and the blind-asylum site. This would cause depreciation of the realty value of the church, and would doubtless incur protest. The bridge could only enter the corner of the present general post office, and would not afford the facilities needed. Further, the consent of the city would have to be secured, and such consents have been given in but very few instances, and only when the properties connected have been immediately opposite, and adjacent property has not been in any way affected. A rental or franchise payment is also required in such cases.

With the annex site (Pennsylvania site) connection could be made by both passageways under the street level and bridges above, and these could be as numerous as desired, so that the two buildings would be made practically one. Since no streets would be crossed, nor private property be affected, no interference of any kind could occur.

The blind-asylum site is located on a ledge of rock. The proposal to utilize the site for the Foreign Station did not include excavating to the low level of the Pennsylvania tracks, but for a basement only, and the area of the basement was not to be the full area of the site, but 50,000 square feet only. Excavation at this point on account of the rock encountered would be very expensive, and to excavate to the low level of the Pennsylvania tracks, with the necessary connections, etc., would not only add very greatly to the cost of the site, but be a slow and tedious matter. Whereas the annex site (Pennsylvania site) is already excavated.

Other points of inferiority could be mentioned, but these considerations alone fully justified the presentation of the Pennsylvania Railroad (annex site) as the very best when it became available on the receipt of the offer of Stewart & Co., in respect thereto, made in April, 1921.

The committee in submitting its "Analysis on the report of the engineers" and its "Special report on the facilities required at New York," confined its presentation to the sites offering the chief advantages under discussion with the engineers, but incidental inferences to the site will be found in the hearings of June 3, 4, and 6, page 52, wherein the Second Assistant Postmaster General said:

"I have looked over that situation several times. There was one alternative suggested. That is the blind asylum, so called, across the street from the Pennsylvania station, but it is not practical, in our opinion, nor in the opinion of the railroad people, to construct the tunnels you speak of. It is solid rock excavating, and the cost would run up to \$1,000,000 at least. So the cost of the rock excavating or any other proposal around there is prohibitive."

This expression so far as known was concurred in by the full committee.

To recapitulate: It is considered the combination of the Thirtieth Street (New York Central site), the annex (Pennsylvania site), and the general post office, all in a cluster, all of great area and all with track connections that offer facilities of the highest order, present so many advantages that all other propositions are outclassed.

Respectfully,

ALBERT FIRMIN.
P. A. MCGUSTY.

(Whereupon, at 5.45 o'clock p. m., the commission adjourned, subject to further call by the chairman.)

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